

THE SHOCKING STORY BEHIND THE KEFAUVER-O'CONOR PROBE

25 CENTS

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Including—

- Gambling, Inc.
- Prostitution Pays the Bills
- Dope for Our Daughters
- Monopoly Gangsterism
- Politics and White Slavery
- Orgy of Crime


—Illustrated with actual photos!

U N C E N S O R E D





THE SENATE COMMITTEE TO INVESTIGATE INTERSTATE CRIME—At left, the new chairman, Senator Herbert O'Connor (Dem., Md.), and next to him Senator Estes Kefauver (Dem., Tenn.). Center, wearing glasses, Senator Charles Tobey (Rep., N.H.), and at right, glasses in hand, Senator Lester Hunt (Dem., Wyo.). Senator Alexander Wiley (Rep., Wis.), fifth member of the Committee, is not shown.



vice over america

by N. R. DeMexico

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3¹/₃ crimes per minute

FRANKIE, a retired gunman who publicly turned up his nose at feeding little girls a daily dose of heroin, had been born in the slums of Italy, raised in the dim alleys of Manhattan's Italian Harlem. He had outgrown his gun, outgrown the slums, outgrown even the mobsters who had sprouted from the same sidewalks. By a series of coups, chisels, finagles, machinations and manipulations, he had climbed so high that he could be accused of the overlordship of American crime!

Estes Kefauver was a back-country politician who, reared in the boss-ridden Tennessee of Ed Crump, slipped out from under Crump's thumb to become a member of the United States Senate. And then went on to become a crime investigator.

This is in part the story of how the two met, what they tried to do to each other, and who won.

In a larger sense, it is the story of all that they represent—on the one hand, the forces of law and order personified in Senator Kefauver; and on the other, the dim forces of the underworld typified in Frankie Costello.

It is the story, the inside story, of Kefauver's war against the underworld, of the Committee he built to search out the dark ways of the mobsters. It is the tale of what went on behind the scenes in the making of the country's most massive television production—the public hearings of the Senate Committee to Investigate Interstate Crime. And more than anything else it is the story of the background, the vicious and shocking conditions, revealed by the Committee's work.

In all the bloody history of American crime no governmental investigation so broad in scope was

ever before attempted; it ranged from coast to coast, invaded high places and low. It functioned for a year under Kefauver leadership, taking hundreds of thousands of words of testimony, and now continues under Senator O'Connor. By opening its proceedings to radio and the newsreels, and above all by permitting them to be televised, it won itself a measure of public attention wholly unprecedented. Much of this attention was centered on Senator Kefauver himself.

Origins of the Probe

Estes Kefauver, born at Madisonville, Tennessee, in 1903, is of Dutch-American stock. Admitted to the bar in 1926, he practiced law in Chattanooga and during 1939 was Commissioner of Finance and Taxation for Tennessee. In 1937 he received the Junior Chamber of Commerce's award as "most outstanding young citizen." Two years later he leaped from his commissionership into the 76th Congress of the United States, where he served as Representative until 1949. That year he was elected—over the frantic opposition of the Memphis political machine of Tennessee boss Ed Crump—to the United States Senate.

As a victory over corrupt politics, Crump-thumper Kefauver's maneuver was less startling than it looked. The power of Crump's machine was, according to most political estimates, mainly limited to Memphis. Somewhat ineffectual in the rest of the State, it had little connection with the big national political machines, and almost none with big-scale crime.

Kefauver had campaigned, like most politicians, with less appeal to the intelligence of his constituents,



Frank Costello unconsciously poses for the news cameraman as he faces the Senate Crime Committee for the second successive day. Though the star witness, he refused to be televised.

than to their emotions. One of his campaign trimmings was a coonskin cap—still exhibited, in a glass case, in his Washington office. Coonskin, apparently, is quite touching to Tennesseans.

When young Mr. Kefauver reached the Senate, to do him justice, he set about exercising intelligence indeed, showed the Junior Chamber of Commerce that they had picked the right man for their award.

He was an active Senator, and a reasonably courageous one. A Southerner, he nevertheless opposed the filibuster technique used by Southern politicians in both houses to stall action on measures they oppose.

During his first year in the Senate, he offered a resolution calling for American exploration of the idea of a sort of super-nation (modeled on the States of the U. S.) which would bind together the Atlantic Pact signatory nations.

Kefauver, though a politician, was a reasonably honest man. And when, not too long ago, he read F. B. I. crime reports that the U. S. was enjoying an average of one major crime every eighteen seconds, an assault or killing every five minutes, Senator Kefauver was shocked. When, shortly afterward, two national news magazines (*Time* and *Newsweek*) in consecutive weeks ran cover stories describing Frank Costello, alleged underworld overlord, as a major national figure, the shock mounted to horror.

When, at about the same time, two naive but hardworking newspapermen named Lait and Mortimer compiled a handbook of national immorality—the title was *Chicago Confidential*—the picture of criminal penetration into politics and public affairs which they drew made our Senator hopping mad.

In April, 1950, Kefauver asked the Senate to assign the Judiciary Committee, of which he was a member, to conduct a nationwide investigation of interstate crime—the only kind in which the Federal Government can legally intervene. Kefauver is a Democrat, like all Senators from the South. But the Republicans, hoping for a chance to snipe at the Administration—which is rumored to have embarrassing connections in Missouri—leaped to support the Senator's proposal.

Suddenly Democrats became very unhappy about their bright young Kefauver. If they opposed Kefauver's proposal it would look as though they favored crime. If they supported it, the Judiciary Committee would investigate. Now, the Judiciary Committee included two Republicans of some stature. Senator Homer Ferguson of Michigan was a crack investigator who could be depended upon to look long and deep for Democratic skullduggery. Forrest Donnell, from Missouri, would want to poke around in President Truman's former backyard in Kansas City—and, because it was his native state, would know exactly where to turn for the juiciest details.



Women all over the nation were intensely interested in crime probe. Shown (left to right) are Mrs. Herbert O'Connor, wife of present chairman; Mrs. Estes Kefauver, wife of former chairman, and Mrs. Charles Tobey, wife of Senator from New Hampshire.



Joe Adonis, gambler, runs gauntlet of cameramen as he arrives to testify before Senate Committee.

If the Democrats pulled the Kefauver proposal out of the Judiciary Committee and set it up (as is customary) in the form of a special investigating committee, Senator Kefauver would, according to precedent, become chairman. The Democratic majority leader would then name two Democrats to the committee, and the Republican minority leader would get to name his choice of two Republicans. Ferguson and Donnell would be the logical Republican choices.

In the view of the Administration, this did not promise well.

But, to get themselves off the hook, Administration leaders had to dream up a technique which would keep the Committee from getting out of hand. The

result was a unique bill authorizing a special committee to investigate crime.

This bill left appointments of the Republican members of the committee to Democratic Vice-President Alben Barkley!

Barkley named Republicans Charles Tobey of New Hampshire, a man whose sharp tongue is his greatest weapon, and Alexander Wiley of Wisconsin, a good man but a busy one. Wiley is the Republican wheel of the Foreign Relations Committee. To keep Democrats from running away with the latter committee, he felt it necessary to stick pretty close to it most of the time. This left him little opportunity to participate in Kefauver's probe of interstate crime.



Mickey Cohen (right) of whom the Committee says: "His name is inescapably woven into the rackets of southern California." He and his wife (left) escaped unharmed when their \$100,000 Los Angeles home was wrecked by bomb planted in bedroom.

When these appointments were announced, Republican leader Kenneth Wherry of Nebraska let out a shrill yip of anguish. "Why are they doing this?" he asked the nearest newspaperman. "Is this an investigation or a cover-up?"

Well, it wasn't to be exactly a cover-up—because Estes Kefauver saw to it that it wasn't. But the investigation was off to a bad start.

What came of this sort of committee-making was something which appeared perilously close to a gentlemen's agreement to avoid embarrassing any big political wheels on either side of the fence.

This, to his credit, was hardly of Kefauver's choosing. After the Committee's main work had ended, Kefauver told *U. S. News and World Report*. "I would be less than frank if I didn't say that in the beginning there was considerable pressure (to stop the investigation). After we got started . . . there wasn't much pressure." He said there was "never . . . any pressure from the White House nor from the Democratic National Committee . . . though . . . some of the things we were doing were not very pleasing to them."

Nevertheless, Kefauver's Democratic colleagues on the Committee were damned with faint praise by Kefauver himself in a series of articles written for the *Saturday Evening Post*. The best the Senator could say was, "I had the great good fortune to be backed by four outstanding Senators. These included Senator Hunt of Wyoming who served with distinction and forcefulness as acting chairman at a number of important hearings; Senator O'Connor of Maryland, whose sound legal mind helped bring clarity to the shaping of many important decisions . . ."

Strangely enough, Democrat Kefauver had relatively nicer things to say about the Republicans. He gave special flattering attention to Tobey, whose moralizing at hearings did little to help along the investigation.

As for the general usefulness of the members: Senator O'Connor, who succeeded to the chairmanship of the Committee with the retirement of Estes Kefauver, was installed in Washington by precisely the type of political machine (the Baltimore organization) that made Maryland's principal city rival for corruption, prostitution, gambling, drug-peddling and the like to such old world sin-spots as Marseilles, Port Said and Shanghai. *The Senate committee, though special attention for the City of Baltimore was requested by a petition of residents, just never seemed to get around to that municipality during Kefauver's chairmanship!*

Wyoming Democrat Hunt, who was to help conduct hearings investigating big city criminal operations, comes from a state whose largest city, Cheyenne, has a population of a scant 23,000!

The Committee Counsel

Proper selection of the Committee's Counsel, of course, was of infinite importance. Members of the Senate cannot, in any circumstances, give full time to a special committee. Other official duties must be fulfilled. A Senator may become extremely unpopular with constituents whom he does not busily represent on the Senate floor. Thus the chief counsel of a committee conducting an investigation must, more often than not, make day-to-day decisions and, often, decide whom and what, and whom and what not, to investigate.

The first man to be considered for the job was Tom Murphy, who carried out the Hiss prosecution. But Democrats, banging their heads together for repeated conferences, thought him insufficiently reliable as an Administration supporter. Kefauver was put straight on this point. It was gently suggested that Kefauver ask the advice of Ferdinand Pecora, at the time a Justice of the New York State Supreme Court. Pecora had been a recent candidate for Mayor in New York, with the support of Tammany Hall. Pecora put in a good word for Rudolph Halley.

Halley was a Pecora protege. Kefauver didn't know it, but Pecora had been a guest at the widely publicized party thrown by Frankie Costello for some of the New York State judiciary in 1949 in the Copacabana Night Club. Pecora was also closely allied to the big Bronx (New York) political machine headed by Ed Flynn.

Actually, however, it would have been difficult to find any major lawyer in New York who had not had some connection, however tenuous, with Tammany, or other political machines with which Costello has relations. So it would be unfair to evaluate Halley on any other basis than his functioning in the investigation. He was assisted by several other attorneys.

How well did these men do their work? Let us see.

crime and big business

MANNED by its oddly assorted membership, the Kefauver Committee set about penetrating the underworld with commendable caution. Its preliminary technique was to get possession of income tax records — which are subject to Congressional subpoena — along with newspaper files, F.B.I. case reports and those of such agencies as the Bureau of Narcotics. Also, Committee investigators would contact informers and people suspected for some reason or other of being "in the know," pumping them for material.

The information thus gathered was put through analysis, on the basis of which certain patterns of crime — long common enough knowledge on the part of the public — became visible even to Senators.

The next step was to summon persons who prominently figured in these crime patterns and interrogate them at closed hearings — called "executive sessions" by Kefauver. Afterward, the more fruitful of these "witnesses" received a public going-over in New Orleans, Chicago, Cleveland, Kansas City, New York or elsewhere, as the case might be.

Now, one of the first and most shocking patterns to emerge from the Committee's preliminary studies was that of crime's growing holdings in legitimate business, big and small.

Anything wrong with a gangster going legitimate? Maybe not.

But it hardly seems fair that underworldings should be using millions of dollars acquired in the pursuit of crime to go into business competition with the rest of us. Besides, a nice, honest business of sufficient size not only provides a fine return on ill-

gotten capital; it also finances dishonest business, should such financing be necessary. Another objection is that in the conduct of their legitimate enterprises, mobsters cannot quite break their old habits. Coercion, bribery, "protection," political pressure, all are freely resorted to as the gangster seeks to enlarge the profits of a business, or gain control of one.

Why Go Legitimate?

The Senate Committee, at one point, estimated that gambling alone was earning the American underworld something between 17 and 25 *billion* dollars a year.

Chicago policy rings, for example, in a five-year period, are known to have grossed something like \$1,500,000,000 — mostly in pennies, nickels and dimes.

What happens to all this money? What happens to the billions raked in by rackets *other* than gambling? That's what Senator Kefauver, along with every honest American, would like to know.

Is all this green stuff simply reinvested in the various criminal enterprises of gangland — just as the profits of legitimate industry are in part reinvested for purposes of expansion and improvement?

Hardly. Reinvestment opportunities in crime are not nearly extensive enough to absorb the annual take. In ordinary business, a 20 per cent annual return on an investment would be extremely high. In criminal business, a 300 per cent annual return is not unusual. Profits are so enormous that only a small part of them can be, or need be, ploughed back.

Are they accounted for, wondered Kefauver investigators, by bribes to public officials and police?

Not likely. Though the Committee demonstrated that such bribes are commonplace enough, the crime networks figure them as costs; profit figures coming to the attention of investigating officials usually mean profits *after* bribery pay-offs.

Is the money simply lying around in bank accounts and cashboxes, then? Well, hardly ever in bank accounts — subject to perusal by tax inspectors, cops, district attorneys. As for cashboxes and safes, what good would it be doing there? Even your most ignorant gunman knows that the biggest earner of money is — money! He seeks to put it to work, just like any other energetic entrepreneur. Therefore, it would be logical for him, wherever possible, to invest his gains in legitimate business.

And so the Kefauver investigators suspected that a goodly share of the enormous dividends of crime were being funneled into the nation's complex commercial life. Where else could these vast cash profits be going?

Power of the Press

Apart from the strictly legitimate enterprises in which such men as Frankie frequently invest — sometimes merely by buying stock on the open market — there is a group of fringe ventures varying from installing and servicing juke boxes to selling beer wholesale. These ventures, though wholly legitimate themselves, may function in such a way that unsavory elements derive subsidiary benefits.

Perhaps the largest and most intriguing of these legitimate enterprises is that industry-in-itself, the Continental Press Service.

This company, which leases almost 25,000 miles of telegraph wire from Western Union and pays that company a neat million a year, has a monopoly on the distribution of racing news for the information of bookies. The dope provided includes track conditions, horses scratched, jockey changes, track odds, and immediate reports on race results.

This racing information is the life blood of bookie-dom. It represents the biggest item of expense to the bookie. And, according to many authorities, its elimination would in turn eliminate bookieing.

Continental Press is legitimate. It does not deal directly with bookies. Instead, it distributes its wire-service to "publishers" who put out "scratch sheets." These publishers also make the information available to clients by telephone. In 1949, Continental showed a gross income of \$2,500,000, while the sole owner, 26-year-old Edward J. McBride, received a net income of nearly \$700,000 before taxes.

Theoretically, Continental's wire service information is available to anybody who wants to buy it. Actually the news service has shown itself uncommonly sensitive to the interests of the old Al Capone gang in Chicago. This was probably just as well for owner McBride and what Kefauver called "the real brains of the operation," McBride's father, Mickey McBride.

Why just as well? Well, when a former owner, James Ragen, who was running Continental in 1946,

went before a State's Attorney and filed an affidavit that Capone mobsters Guzik, Accardo and Humphries were trying to muscle into the business, Ragen wound up on a Chicago street corner full of neat perforations, made with guns. When he started to recover from these holes in a Chicago hospital, somebody gave him poison. It took.

McBride, senior, who had originally founded Continental, then had sold it to Ragen, now bought it back from Ragen's son.

So far — apart from Ragen's misfortune — we seem to be studying a business deal of about the same level of legitimacy as the Associated Press or the United Press, but dealing in a different type of news.

The Senate Committee, however, uncovered some parallel facts. While Ragen owned the Continental Press operation, and was showing his annoyance with the Capone mob's efforts to muscle in, the Caponesters started a wire service of their own, called Trans-American. On the face of it, just legitimate competition. But, after Ragen's death, the return of Continental to the McBride interests was almost simultaneous with the discontinuance of Trans-American. Indeed, some of Trans-American's boys went on Continental's payroll!

Meanwhile, the repurchased Continental concern began selling racing news to the R. & H. Publishing Company in Chicago, according to Kefauver an operation of the Capone syndicate. It services about one hundred bookies, at special cut rate.

Then a funny thing happened to one of Continental's customers — the S. & G. Syndicate of Miami. This little operation was buying Continental's wire service, and peddling racing information to Florida bookmakers for something like \$26,000,000 a year.

In Chicago the Capone boys got to figuring, decided the profits on that 26 million gross were going to waste on the local talent. Accordingly, they sent a Mr. Harry Russell to Miami to talk to the S. & G.

Mr. Russell — it turned out later — had long been a "business partner" of Tony Accardo. Mr. Accardo, Kefauver investigators established, is one of the three major heirs to the Capone syndicate of the late, great Al.

Russell was friendly with a William H. Johnston. (Sorry about all these names, but they tell the story!) Mr. Johnston was a Miami dogtrack owner who also owned some tracks in and around Chicago. He had offered a little financing — about \$100,000 worth — for the political campaign which elected Fuller Warren to the Governorship of Florida.

Russell first went to the S. & G. Syndicate and suggested that maybe he would make a nice partner in the business. The S. & G. boys didn't think they needed a partner. To convince them they had erred, Russell went to Johnston and Johnston had a few words with somebody else. Pretty soon Mr. Russell was being seen around with Governor Warren's staff investigator, Mr. W. O. Crosby. Says the Committee report:

There is more than a casual connection between the fact that Johnston contributed \$100,000 to



Sam Rummel, lawyer for Mickey Cohen, shown shot-gunned to death on the steps of his Hollywood home, following secret meeting with Los Angeles vice squad head Captain Pearson and Sheriff Guastl. Rummel was about to testify before grand jury regarding Guarantee Finance, a betting syndicate. Senate Committee report peers into activities of Pearson, quotes his instructions to vice squad: "Make your raids specifically at 10 o'clock. At that time, the gaming tables will be covered. Observe the girl show and then leave. During that time there will be no gambling conducted, so your officers will not be embarrassed."

Governor Warren's campaign fund and the fact that Crosby raided only S. and G. locations with the knowledge of Russell.

Russell tried the S. & G. boys again. They still didn't want a partner.

All of a sudden, Continental Press Service stopped supplying racing news to S. & G. In no time at all Harry Russell became a S. & G. partner. After that the news once more flowed into Miami.

None of this, obviously, makes Mickey McBride a mobster. But, it does, by a series of remarkable coincidences, involve him with mobsters and their investments. Meanwhile, McBride continues his other extensive business operations. He is busy with vast real estate holdings which qualify him as a multi-millionaire, and he owns a pro football club, the Cleveland Browns.

Other Business Investments

A Florida citrus grower named C. V. Griffin, like the Mr. Johnston mentioned above, had chipped in money for Governor Warren's campaign. His contribution was \$154,000. Out of this he got a state job, the Senate Committee discovered. How much is a job worth? Is sinking money in Governor Warren a legitimate investment? And does it help the success of an orange plantation?

A Cleveland boy named Alfred (Big Al) Polizzi had a fascinating record of rum-running and gambling connections. In 1940 he officially "went straight," made but one little slip from grace in 1944 when he spent four months in a Federal pen for black

market whisky operations. When released he went to Miami, where he became a business partner in the building and construction company of a Mr. Forrest Thompson.

Big Al was also a principal in the luxurious Sands Hotel at Miami Beach. He had a silent partner in his 25 per cent share of the hotel, one John Angersola. Mr. Angersola had also been a partner with Frank Erickson — convicted New York gambler, now resting up in prison — in the Wofford Hotel. Angersola had likewise bought a piece of the Grand Hotel with \$92,000 lent him by Polizzi. To secure this loan, Big Al took a \$300,000 mortgage on the hotel property. Big business? Legitimate business? Of course!

Another Cleveland lad named Moe Dalitz was identified by his accountant as a partner in a number of gambling houses, and himself later admitted he had founded his fortune in rum-running during Prohibition. Nowadays Moe invests excess profits from his gambling ventures in a chain of laundries and linen-supply operations in Cleveland and Detroit. And with three other retired booze-peddlers, Mr. Dalitz owns a big piece of the Detroit Steel Corporation.

The Costello Boom

Meanwhile, what of Frankie Costello? In the course of time he had become perhaps the greatest "legitimate" tycoon of them all. He had been expanding his business along with the other underworld boys right from the first, but quickly outpaced them. Jailed only once — for possession of a gun in 1915 — he had always looked on himself as a pretty

THE SENATE COMMITTEE REPORTED EVIDENCE OF GANGSTER INFILTRATION INTO NUMEROUS AREAS OF LEGITIMATE BUSINESS THIS IS THE OFFICIAL COMMITTEE LIST OF AFFECTED ENTERPRISES

Advertising
Amusement industry
Appliances
Automobile industry
Baking
Ballrooms, bowling alleys, etc.
Banking
Basketball
Boxing
Cigarette distribution
Coal
Communications facilities
Construction
Drug stores and drug companies
Electrical equipment
Florists
Food (meat, sea food, dairy products, groceries, cheese, olive oil, fruit)
Football
Garment industry
Gas stations and garages
Hotels
Import-export business

Insurance
Juke box and coin-machine distribution
Laundry and dry cleaning
Liquor industry
Loan and bonding business
Manufacturing (gambling equipment, broilers, etc.)
Nevada gambling houses
News services
Newspapers
Oil industry
Paper products
Racing and race tracks
Radio stations
Ranching
Real estate
Restaurants (taverns, bars, night clubs)
Scrap business
Shipping
Steel
Surplus sales
Tailoring (haberdashery)
Television
Theaters
Transportation

legitimate businessman, except that his business was a trifle illegal. After picking up a little cash in the running of Harlem crap games, he began investing in real estate, used his money to build apartment buildings in upper Manhattan and the Bronx.

Later, with the advent of prohibition, he participated (by his own admission before the Kefauver Committee) in rum-running, and with its profits set up additional legitimate businesses. He became a partner, for instance, in the Horowitz Novelty Company, marketed dolls, razor blades and punchboards. Later this concern went broke, but was reborn as the highly successful Dainties Products Co.

With Phil Kastel, a Montreal restaurateur — retired — Frankie bought into Britain's Whiteley Distillery, which produces such widely known brands as *House of Lords* and *King's Ransom* Scotch. He was also in the slot-machine manufacturing business, and owned an operating company, the Tru-Mint Corporation.

The Senate Committee also persuaded Frankie to connect himself with oil well operation in Texas, where he had been reported as buying into oil leases and royalties on a big scale.

Other people in gangland, while perhaps not as extensive in their operations as the peerless Frankie, have similarly broad interests. For example, one Anthony Milano, closely associated with Los Angeles' notorious Mickey Cohen who was questioned by the Committee and recently indicted for something immoral in connection with income taxes, owns both an importing company and a loan syndicate. Mr. Milano also turned up on the Federal Bureau of Narcotics' list of members of the Mafia, itself quite a business, to be discussed in a later chapter.

Other ex-mobsters, present racketeers, and slightly illegal businessmen admitted, before the Committee, to owning dressmaking companies, wholesale distributing businesses, apartment houses and, of all things, brokerage firms. Ordinary stock and bond investments are pretty common. Even more common are investments in vending-machine placement and servicing organizations handling cigarettes, candy, soft-drinks — evidently a natural outgrowth of slot-machine operations.

Joe Adonis, a Costello man from away back, is a big owner in a trucking operation which moves cars from the Edgewater (N. J.) Ford plant to New York dealers. The trucking business, for ex-haulers of prohibition beer, was a natural field for invasion, though the profits were not on the same high level they had once attained. Adonis' interest seems to date back to the regency of a man named Bennett in the Ford Motor Company. Bennett has been accused of maintaining a staff of thugs, hoodlums and mobsters to supervise the maintenance of good labor relations between the company and its employees. The Senate Committee's famous report, issued before the chairmanship was turned over from Kefauver to O'Connor, singled out this matter for special attention.

To keep the records straight, the international syndicate which ties together gang operations in the U. S. with the world operations of the Mafia, owns

a controlling interest in several major American hotel chains, building corporations in Wall Street, as well as top properties along Chicago's Michigan Boulevard and in Los Angeles. Automobile dealer franchises are a common front for mobster investments. So are restaurant chains, gas station chains, taxi companies and bus lines — and, of course, night clubs. Gangster money is invested in motion picture production companies and movie theater chains. One major trans-Atlantic steamship line is under mobster ownership.

One little item of testimony which reached the carefully kept records of the Senate Committee in diluted form and under strange circumstances, emerges from a surprising source.

Guess who? Right! Rudolph Halley, committee counsel.

Halley was a member of the law firm of Fulton, Walter and Halley, special counsel for the Hudson and Manhattan Railroad — the notorious "Hudson Tubes." Rudolph, himself, on occasion had served as counsel for the railroad.

In their book *Chicago Confidential*, Mortimer and



Cool and collected as he testified before television cameras, Abner "Longie" Zwillman put on a good show. Former leader of Newark's third ward mob, he now lives in West Orange, N. J., has been alleged by ex-Mayor William O'Dwyer to be a director of "Murder, Inc." His reply: "That's ridiculous!"

Lait had claimed that the underworld owned big blocks of stock in the Hudson and Manhattan. Once the Kefauver Committee was in operation, Lait and Mortimer persuaded Halley to admit this before witnesses. They claim to possess a sworn affidavit from a witness, who wrote:

"Mr. Halley stated . . . that it was his own personal knowledge, as former counsel for the Hudson and Manhattan Railroad, that the underworld owned large blocks of stock in that company."

One Zwillman, known as the "Capone of Newark (N. J.)," testified, under direct questioning by Halley, that his stock holdings in the Hudson and Manhattan may have amounted to a thousand shares, more or less. This gentleman vigorously denied having any influence over the railroad's affairs, and indignantly denied Halley's suggestion that his backing had helped the current administration of the railroad to gain office. This prominent Newark citizen did admit to Halley that profits from early rum-running ventures and certain unnamed but more recent activities, had been invested in a whole string of businesses ranging from real estate ventures and a bar-equipment factory to a cigarette vending machine route. He stated that the latter was not the largest of the approximately one hundred such routes in New Jersey, but neither was it the smallest. Its average sale, he said, was about 750,000 packs per month.

Of such is the business kingdom of gangsterism. How long, Americans? How long will illegal billions be allowed to swell each year by glutting on legitimate business, how far will these swollen billions be allowed to penetrate the commercial fabric of our nation?

The Senate Investigating Committee under Kefauver may have gone a bit too lightly into such matters as the exact link, if any, between the Hudson and Manhattan Railroad and crime elements, the exact profits accruing to junior Capones. But it did adequately turn the spotlight of publicity on the situation as a whole, powerfully bringing to the attention of all of us the extent to which hoodlum dollars course in the veins of our national economy.

The rest is up to us, or rather, to our elected officials, national and local. Only by hard, vigorous action can the contamination be ended.

One more way in which rackets prey on business is through control of labor unions and other participations in labor's affairs. There are so many examples that there is hardly need to mention them here. But we would like to bring out one situation stressed by the Committee in its report to the Senate. This particular instance clearly shows the extent to which big business has allied itself with labor racketeers.

It is bad enough when men like Anastasia, former chief hatchman for Murder, Inc., are found to be running stevedoring along the New York waterfront as a gangster industry. But it is, perhaps, even worse when respectable individuals such as John A. Fry of Detroit are caught up in this kind of finagling.

Reported the Committee: ". . . The Detroit, Mich., Stove Works, the president of which is John A.

Fry, whose social respectability . . . is beyond any question, entered into a relationship with one Santo Perrone, the obvious effect of which was to enlist the assistance of Perrone's gangster friends in Fry's labor problems. Perrone is an Italian-born naturalized citizen who has a criminal record including a 6-year sentence for violation of the prohibition laws. [Later] Fry's close friend, likewise socially impeccable and a high official and now President of the Briggs Manufacturing Co., concocted a legal fiction whereby Perrone's son-in-law, Carl Renda, obtained a contract for doing nothing which has given him since 1946 an income ranging between fifty and one hundred thousand dollars a year, the real purpose of which was to have Perrone exert his and gangdom's influence in the Briggs Manufacturing Co.'s labor problems.

"The Detroit, Mich., Stove Works is one of the largest of the non-automotive manufacturing plants . . . and perhaps the largest nonunion plant in the Detroit area. Santo Perrone testified that he had worked for more than 40 years for the Detroit, Mich., Stove Works. It appeared that his education was such that he could barely read and write English and that he had difficulty in reading street signs. . . . Although Perrone testified that he had never heard of any labor difficulty, a serious strike had occurred some years previously which required 75 to 80 policemen to guard the plant. Mr. Fry testified that approximately 25 per cent of his employees observed the picket line during this strike. [He] admitted that Perrone must have committed perjury when he stated that he had worked for 40 years at the plant and had never seen any labor trouble. He further admitted that he had asked various persons, including Perrone and his brothers, to bring in a lot of strikebreakers and that they had done so. Says the report:

Shortly after this violent strike . . . Santo Perrone was given a contract to purchase and haul away scrap from the Detroit, Mich., Stove Works. Insofar as the Committee was able to ascertain, this contract remains in effect today. Santo Perrone, an illiterate manual laborer, thus acquired an income sufficient to permit him to live in a luxurious manner in the Grosse Pointe area and to enjoy an income which in recent years has run between forty and sixty-five thousand dollars a year.

One somewhat similar case, involving Harry Bennett and the Ford Motor Company, ought to be mentioned in brief. The Committee reported: "The relationship between (Anthony) D'Anna and the Ford Motor Co. began in 1931. (D'Anna was a well-known and popular mobster.) According to testimony . . . the committee believed Harry Bennett, then a very high official in the Ford Motor Corp. . . . stated that he would meet (D'Anna) at any place D'Anna chose. The Committee heard privately but was unable to prove that Bennett said that he had sent for D'Anna to instruct him not to murder Joseph Tocco, who had a food concession at a Ford Plant. The story which the Committee heard . . . was that Bennett entered into an agreement that D'Anna would refrain from murdering Tocco for 5 years in return for the Ford Agency at Wyandotte. As a matter of record, Tocco was not murdered until 7 years after this meeting. . . ."



Ex-convict Ed Flurio, "organizer" of longshoremen around Jersey piers, tells Committee that he could not account for violence along waterfront and, further, "did not even know what violence was." A couple of months later, Flurio was jailed in Hoboken as a material witness in the murder of Aluotto, an "independent" who refused to pay tribute to Joseph P. Ryan's longshoremen's union. Jersey police usually leave pier racketeers alone—but held Flurio in protective custody to prevent his being murdered by Aluotto's friends.

the drinks are on the boys

WHEN the Drys managed to get the prohibition amendment passed, they opened a beautiful new vista to the hard guys of Chicago, New York, Detroit and points north, south, east and west.

Liquor continued to be manufactured, law or no law. It continued to be imported. These activities, falling into the hands of gunmen and toughs, brought them astronomical sums of money—and power beyond their wildest hopes.

The small-time crook did the actual peddling to speakeasies and "blind pigs." And he provided door-to-door deliveries for the benefit of the customer who could afford orders by the case. But the interest of the upper-class hoodlum lay in rum-running and manufacturing.

The business of bringing in liquor from other countries quickly became huge. By 1924 the Department of Commerce figured border leaks were dripping at the rate of 40 million dollars' worth annually. Manufacturing also became big industry. Industrial alcohol "diverted" to drinking purposes produced roughly 45 million gallons of synthetic whisky a year. Illegal distilleries producing corn whisky had sprung up like mushrooms.

Moving wet goods around the country to undercover wholesalers, distributors and saloons (speakeasies) also became an immense industry.

As for beer, it was imported in small quantities—manufactured domestically in vast volume.

The new boom's most famous, and infamous, figure was of course Alphonse Capone.

Capone, a hood from New York's "Five-points Gang," was brought to Chicago by Johnny Torrio

to manage "alky" operations for the Torrio mob. That was in 1920. By 1923 Capone controlled the business and had a payroll of more than 700 full-time employees. By 1927 something like \$60,000,000 a year was being earned by liquor operations of the Capone mob alone.

The Capone boys were thriving in other directions also—knocking down 25 million dollars per year from gambling and dog tracks, another 10 millions from dancehalls, roadhouses and traffic in female flesh, and perhaps an additional 10 million from enterprising activity in the shakedown field. These (1927) estimates were made by the Treasury Department.

Costello Tries Liquor

In New York our friend Frankie was in business, too. He entered the liquor field in 1923. But Costello—sometimes known as Francesco Castiglia, Frank Stello and Frank Saverio—was too bright a lad to do a Capone. He came in with money saved from his gambling and real estate enterprises. Frank had an office on Manhattan's Lexington Avenue, from which he supervised what later became a vast financial empire. His operations extended to Canada and Europe. He imported, operated his own ships, financed subsidiary companies for the printing of labels, cutting and distribution of goods—and kept far, far out of sight.

While Capone and the O'Banion mob—a business rival—swapped bullets in Chicago, Costello just quietly grew bigger and bigger without having to pop off anything noisier than a champagne cork.



Des Moines beer distributor Lou Farrell being questioned by Committee about activities connected with bailing out gangsters.



James J. Carroll (right), described as a St. Louis betting commissioner, cautiously confers with his lawyer in the course of testimony before a Washington Committee hearing.

Finally, when the mobsters found that fatalities and the high cost of the lush funerals they fancied were eating into the immense profits of their business, they got together for a general peace conference in Atlantic City. Who presided? Frankie Costello.

Frankie told the boys: Let's split this thing up! You take this piece. You take that one. And let's not play rough any more.

Our Frankie had grown big enough to tell the other big boys in which backyard they should play—including big stuff Capone.

But Costello was too bright to limit himself indefinitely to any one business—even the liquor business. Besides, it was illegal and therefore to a degree unsafe. Even before repeal started to dry up the profits, he had pulled his hard-working cash into neater and more respectable things.

Some of the other rum operators chose to stay on after repeal. They simply continued to do business at the same old stand, under the guise of legality, despite laws prohibiting individuals with criminal records from handling alcohol.

Because no court record bears this out—nor is likely to in the future—and because libel laws prevent the mention of specific names without written evidence, it is necessary to avoid exact identification.

However, one of the largest selling whisky brands of nowadays is produced by a former bootlegger who

invested in three boats and ran liquor across the Great Lakes. Today his company maintains distilleries in Canada and the United States, and ranks among the largest and most influential in the entire industry.

Another big alky outfit which operated in Maryland during the great drought is still producing there; its whisky today is among the most popular brands in the nation.

In Chicago one of the best selling beers is *Canadian Ace*. The brewery which produces it was first operated by Johnny Torrio (who introduced Al Capone to the big time) and later by Dion O'Banion. Still later Capone himself ran the place. Today its owner is named Louis Greenberg. The beer does very well in Illinois. But New York State's alcoholic beverage authority will not allow a license to that brand name. Too many mobsters around.

Pennsylvania liquor brands mainly grew up out of small-time operations which managed to survive Prohibition by one means and another. Bourbon still comes from much the same sources where the unpleasant amendment kept it cooking all during the era of wonderful nonsense.

In New York, Chicago, New Orleans—in New Jersey, Ohio, Washington—in cities and states from coast to coast, the little speakeasy operators, often satellites of the hoodlum liquor distributors, switched right over to the legitimate saloon business—state laws to the contrary notwithstanding. And just above them in the strata of hoodlum society, many a pre-repeal distributor stayed right in the same business, distributing away like mad for legal profits.

It has been said, with some justice, that Senator Kefauver and the Committee didn't look deeply enough into the big liquor monopolies. The public might reasonably have expected more along these lines. True, in November, 1950, representative executives of the larger liquor producers reported to the Committee in Washington. This was an impressive step in the right direction. But little in the way of concrete evidence of and against gangster elements in the industry seems to have been evoked.

Why didn't the Committee peer more closely into the gangster-ridden liquor combines? Could it be that it was afraid to go beyond asking the few and random questions regarding liquor distribution which Halley and others directed at suspicious gangland characters in the course of the hearings? Did it deliberately avoid getting too close to certain giant manufacturers and retailing groups now well entrenched behind the curtain of legality, however doubtful their origins may have been? Some critics feel that the Committee actually feared to probe too deeply. But this is hardly likely! Probably the feeling of the members was simply that sufficient attention had been called to the darker corners of the liquor industry, and that it was strategic to move on into fields which promised to be still greener—and make better newspaper copy.

In any case, gangsterism over the years has established such extensive influence over certain segments of the alcohol trade that virtually no human effort could correct matters. It would take an act of God!

prostitution pays the bills

UNDER Halley and Kefauver, the Senate Crime Committee paid little if any notice to what is popularly regarded as one of the most widespread and profitable areas of criminality—that of organized prostitution. O'Connor, it is reported, has been considering putting white slavery on the agenda of the Committee, now that the latter has an extended lease on life. However, the Kefauver program cannot be severely criticized for having omitted any intensive muddying of the primrose path. In the first place, no committee, even a Senate one, can investigate *everything*. Secondly, prostitution at present is definitely a third-rate racket, when a racket at all. More often, today, the gay girls are the province of local, relatively small-time hoodlums than of the national crime syndicates; more often they pay off to local police and politicians than to the overlords of gangland—except, like the rest of us, indirectly.

Yet it cannot be denied that white slavery (the recruitment and transportation of girls) still contributes enormously to the coffers of the mobs though, indeed, other sources of income surpass it. It cannot be denied that prostitution has played an important role in the development of the existing crime empires—nor that in good part it built the top crimester of them all. The man who, according to the Committee report, bosses even Frank Costello!

The phenomenon of gangsterism, while reaching full fruition during the Volstead era, had certain roots in a prior "prohibition"—that directed against fancy ladies. There was a time when the neighborhood house, the red light district and the streetwalker were as much part of the American scene as the

corner bar, the theater district and the newsboy. Prostitution, in those days, was regarded in much the same light as tobacco selling. It was only slightly disgraceful. But legislation began to interfere in the decades following the Gay Nineties. Non-professional women had never taken kindly to the merchandised talent, regarding it as a threat to marital stability, and when given the vote they speeded and extended the trend toward reform. Soon commercial vice everywhere was more than disreputable or slightly illegal; it was banned by laws actually equipped with teeth.

The result? Legislation no matter how stringent cannot abolish what a good portion of the population desires, or at least tolerates. So vice continued to be bought—just as, later, whisky continued to be bought. And it fell into the hands of the mobs—just as, later, whisky did.

For as the anti-prostitution laws became more stringent, clever souls among the hoodlums discovered that here was a fine area for the middleman. A shield must be maintained between the police and the commercial vice houses, and at the same time liaison must be arranged between the law—too often willing and even anxious to be bribed into looking the other way—and these play-for-pay enterprises.

In short, the gangster assumed responsibility for keeping politicians and the law from interfering with operations of the house. He also arranged transfers of girls from one house to another—variety in the local bordello being considered essential—and provided suitable quarters, medical services and the like. This field proved so lucrative that in time the mobster simply took over the houses, seeing no reason why the profits should not all be his.

Alcohol vs. Vice

The Prohibition era, however, saw a gradual weakening of hoodlum interest in the flesh industry. First, the mobsters found alky cooking and hauling a full-time business which needed all the attention it could get. Second, the money to be made from selling love, while considerable, could no longer possibly compare to profits from selling gin.

The joke is that this weakening of vice's financial position came not from any improvement in public morals. On the contrary, professional vice was suffering from a deteriorating moral climate.

The postwar breakdown of the old moral restraints—the jazz generation—the general acceptance of drinking—the “liberation” of women by Constitutional amendment—the parlor versions of Freudism seeping down to the public, all these were smashing the demarcation between “good” and “bad” women. A plethora of amateur talent had sprung up, in direct and ruinous competition with commercial vice.

Thus, the “fast” girl of 1910 was the slow girl of 1925. Among women born before 1890, according to famed psychologist Lewis M. Terman (Psychological Factors in Marital Happiness, McGraw-Hill, 1938), only 13 per cent were not virgin at marriage. Among women born after 1910, 68 per cent were *not* virgin at marriage. Terman thought that among women born after 1940, virtually *none* would be virgin at marriage!

Actually, by the time of the great Depression in the Thirties, the old moral code was shot to pieces—and so was prostitution as a leading racket.

The extent to which it had dwindled even before Depression is indicated in the figures showing how sex-sales stacked up in the Capone books against gambling, liquor and shakedowns (for “protection”). It is estimated that not more than 4 or 5 million of the 105 million dollar take in 1927 came from flesh peddling.

Politics and White Slavery

Strangely enough, the madames who once owned their own houses, using the mobsters only as a protective service and to facilitate personnel enlistment and exchange, today are drifting back into control. The pay-offs are on a local basis: to police and politicians rather than gangdom's big wheels. But where prostitution is associated with other glittering activities—as in the Hollywood area, in the wide-open gambling towns, in Miami-type night club and road house sections—the mobs may be in active control. They still supervise the few remaining really big call houses, still provide go-between services to keep the prostitute and the local politico from developing a discommunity of interests. There is still interstate movement of women for immoral purposes. All this continues to deliver into gangster pockets a stream of coin perhaps not too impressive by their standards, but certainly quite substantial by any other.

Sex, of course, continues to play an important role in gangland affairs. Women are used chiefly as come-

ons—as in dubious night clubs where the real profits derive not from prostitution, but from liquor or gambling. The mobs also keep women on tap who are handy for various special services, such as shakedown, blackmail, parties for judges or young athletes being urged to throw games, stag affairs for political clubs, or what have you.

Which brings us to a certain Charles (Lucky) Luciano.

The report of the Senate Crime Committee indicated that it was fully aware of Luciano's past activities and present influence. If so, perhaps it should have been expected to view with more alarm the place of prostitution in the national crime set-up—far from as important as formerly, true, but still extensive in the affairs of Lucky.

Luciano, like so many latter-day mobsters, was born in Sicily. He entered this country illegally. When Al Capone decided to expand out of Chicago and move into the New York area with his Italian boys, the eastern metropolis was neatly divided up among Owney Madden, Arthur (Dutch Schultz) Flegenheimer and Irving (Waxey Gordon) Wexler. Luciano was at that time Wexler's right hand man.

Wexler was betrayed into jail by the Capone people. Owney Madden, long on parole for an old murder rap, got himself de-paroled back behind bars. Dutch Schultz was gunned out of the way in a Newark restaurant. With these king cobras out of the way, Luciano became the big man in the New York syndicates, able to hold his own even against Capone.

Meanwhile a somewhat undersized and ambitious district attorney named Thomas E. Dewey had developed a burning yen for residence in the governor's mansion at Albany. (His yen for a Washington address was to come later.) He saw a chance to capture both Luciano and some glorious headlines.

Now, Dewey and everybody else suspected that the biggest thing in Luciano's life, financially speaking, was gambling. At least, it was supposed to be the biggest thing in Costello's life—and Costello, as deputy and associate, would be paying off to Luciano. But gambling is somewhat indifferent as headline material in New York. Half the people in town gamble every day and think nothing of it: they fail to see why a horse bet, bingo or fifteen cents on a policy number should be more reprehensible than, say, speculating on the stock exchange. Luciano was, or had been, not only in gambling, but also in liquor, shakedown, Mafia maneuvers, politics and other rackets, including prostitution. The latter looked very much like sex . . . always headline-worthy. So it was on the relatively minor prostitution aspect of Luciano's career that Tom Dewey went after the thug—and got him.

Luciano's reward? Thirty years in Dannemora.

He was obliged to serve only ten years, however. Because Dewey did eventually become Governor—and pardoned Luciano!

A pretty lucky Lucky! The reason for this pardon has never been satisfactorily explained. There has been mention of some mysterious services Lucky Luciano performed for the O.S.S. in Italy during the



Father Jerome Drolet, who heads citizens' committee to fight corruption in New Orleans, tells Senate investigators that Capone mob is responsible for "prostitution on a large scale and a great deal of white slavery." Father Drolet stated the only place you couldn't find a slot machine in Louisiana was in a church or school.

war, but American authorities vigorously deny any such services.

Kefauver and his fellow Senators "invited" Tom Dewey to testify before the Committee. They were interested in the heavy gambling and other racketeering—including prostitution—right in the Governor's own bailiwick around Albany and Saratoga. And perhaps they would have pressed the Governor for more information about Lucky's pardon.

But apparently Dewey didn't think so much of the Senate Committee's investigation. He refused to show up at its hearings, and started an investigation of his own!

More about Lucky

So potent was Luciano and so efficient was his lieutenant, Costello, that even in jail Lucky found his fortunes and influence expanding. At the time of his pardon—and this made it all the more queer—Lucky had risen to the unquestionable overlordship of American crime. Of course, this rise was made possible largely through Mafia connections. Al Capone was gone. He had been replaced, in Chicago, by some of his cousins called Fischetti. Charlie Fischetti, who hailed from Brooklyn, owed allegiance to Luciano. So, while Lucky was spending his time upstate,

Fischetti was accumulating money for him. This sum alone had mounted to a couple of million dollars by the time Lucky was released.

Our Frankie had also been accumulating a bankroll for Lucky, or so it is fairly safe to assume. After all, the same old rackets went right on racketing even with Luciano behind bars. Including the same call houses, struggling along without him, each kicking in their mite to Luciano despite his conviction. And one-arm bandits paying off beautifully in New Orleans, Miami, Baltimore, the New Jersey towns and elsewhere. Not to mention Lucky's numerous gilt-edged "legitimate" investments. There was money all over the place—Luciano's money!

Still, he had his troubles.

No sooner did he emerge from jail than the Department of Immigration pounced on him. It booted him out of the country and—everybody thought—back all the way to his native Italy.

Perhaps this was the mysterious reason behind Governor Dewey's pardon. Possibly he was merely cooperating with Federal authorities, arranging things so that Luciano would be free—to be deported.

Somehow it didn't take, though. The next thing you know, there was Lucky Luciano, not in Italy at all, but sitting around down in Cuba. It was rumored



Benjamin (Bugsie) Siegel, shot to death, lies on divan in Virginia Hill's home in Beverly Hills, California.

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that he was giving close attention to Cuba's peerless houses of pleasure, perhaps with a view to enlarging his business.

Previously, while he had been on New York's Ellis Island awaiting deportation, Luciano had been visited by our Frankie Costello. Questioned about this by Halley and the Senate Committee, Frankie put the visit down to merely neighborliness and a desire for friendly conversation. Now, when Lucky turned up in Havana, he was visited by other celebrities—including Ralph Capone, Charles, Rocco and Joe Fischetti, and also none other than Frank Sinatra.

Al Capone's decay (from syphilis) had left his crime empire without a satisfactory leader for a time. His four brothers, while continuing prominent in the hierarchy, turned out to be incapable of filling his shoes. But a truly worthy successor was finally found in Charlie Fischetti, Brooklyn's pride. When Federal agents learned that Fischetti himself was visiting Lucky in Havana, they got the idea that maybe they hadn't entirely disposed of matters just by shipping him out of the country. F.B.I. operatives, and men from the Federal Bureau of Narcotics, proceeded to tap Lucky's telephone calls to the United States. Sure enough, they found he was still running the works.

The American government set up a shrill yell, prevailed on Cuban authorities to re-deport Luciano to Italy.

There he is today.

But he remains in business, as the Senate investigators found. They labeled him "mediator" of American crime, potent through his Mafia connections.

He maintains his connections with both the Costello and the Capone operations, called by the Senate Crime Committee the two great crime syndicates in America. He is still in business—in New York, Chicago, Los Angeles, Kansas City, New Orleans, Miami, Baltimore, Reno and elsewhere—because Frank Costello is still in business, and because the Fischetti boys are in business. The death of Charles Fischetti (April 11, 1951) did not alter matters, except in this respect: with him dead, and with Lucky in Italy, Frank Costello became absolute top dog in the American underworld.

Costello professes to frown on prostitution just as he professes to frown on dope.

But Luciano, much more than the rest of the big racketeers, relied on prostitution for income and influence, especially in the early days of his climb up the crime ladder. Tribute collected from this source went partly into the bribery of police and political figures, for, as the Kefauver-O'Connor investigation showed once again, no racket can exist without co-operation on the part of civic authorities. With Luciano out of the country, has this bribery stopped? Or is it continuing—through such men as Costello? True, as the Committee has pointed out, local corruption is a matter for local cure. Yet since white slavery and transportation of girls are involved, would not a deeper Federal probe into the situation be justified?

the boys from Palermo

ONE thing Kefauver and his Committee turned up was the cement which binds together much of the big, beautiful world of U. S. crime.

This cement is the vast international organization of the Mafia.

Little is known about this immensely powerful and wealthy body. It had its beginnings early in the last century, when the huge feudal landowners were giving local peasants a hard time in Italy.

To combat the oppression of the landlords, the peasants formed secret bands to serve as punitive forces, much as the Vigilantes and the early Ku Klux Klan were formed in this country. But, like the Vigilantes and Kluxers, these bands got out of hand. As their power increased they joined one another to become a super-band called the Mafia. The Mafia made secret, independent treaties with the landlords, and then participated in the oppression of the peasants.

With immigration to the United States by the Sicilians of Palermo came the Mafia, now grown into something quite different. Here (and abroad) it had developed into an international government of crime—an immense business organization, functioning within and without the laws of the separate countries in which it operated.

How big is the Mafia?

In the United States alone, in the year 1949, it was estimated that the Mafia collected between 15 and 18 billions through its combined criminal operations (narcotics, smuggling, prostitution, gambling, racketeering). Its legitimate investments may have augmented this annual income many fold.

For measurement, let's stack up Mafia against the

U. S. Government itself. The total national budget of the Federal Government was 40 billion dollars in 1949. The military budget amounted to about 14 billion. Thus, the total civil budget was about 26 billion dollars.

We can see, then, that it is a fairly reasonable assumption that the Mafia's illegal operations cost the American taxpayer more than the total military budget of this nation! It is even more likely that the combined legal and illegal activities of the Mafia amount to more than the whole civil budget.

With this kind of money with which to play, it is little wonder that the Mafia is able to buy its way into, through and beyond police departments, city governments, state governments, even perhaps to extend its influence into the Federal picture.

Al Capone, in Prohibition days, was a Mafia boy. He brought that organization to the brink of its present vast empire of mixed crime and legality. But his activities in this regard were still fairly small potatoes compared to modern Mafia operations.

Al's gross income, at the time of his imprisonment for evasion of the Federal income tax laws, was estimated at the neat figure of 1 million per day.

The Mafia's income, according to 1949 estimates, breaks down to more than 41 million dollars per day!

Orgy of Crime

All that the Senate Crime Committee managed to turn up about the Mafia was a superficial chart of its working organization.

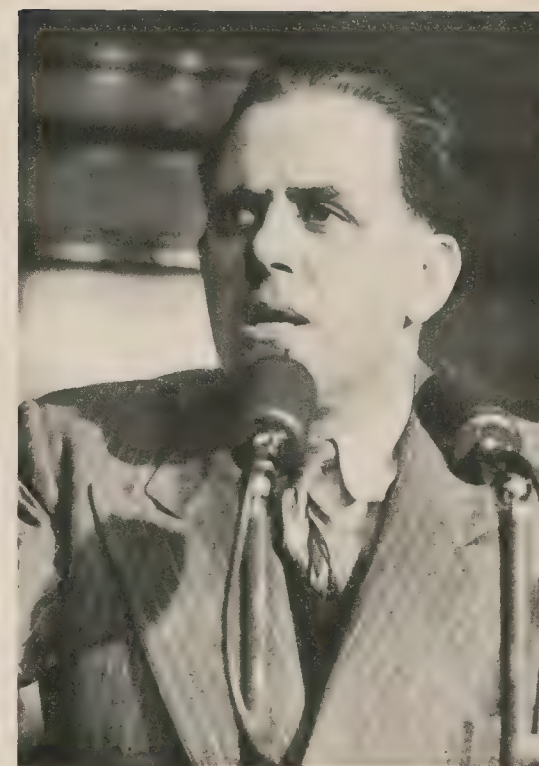
The international head of the Mafia Syndicate is Lucky Luciano. Deported from these shores, he runs

the anastasia clan

LEFT—Joseph Anastasia, a lesser brother, shown following his arrest as an illegal entrant. He is accused of entering this country between 1924 and 1925 by jumping ship in San Francisco.

CENTER—Albert Anastasia, alleged czar of New York and New Jersey waterfronts, on his way to Committee probe. O'Dwyer testified that Anastasia was a "high executioner" of "Murder, Inc."

RIGHT—Anthony Anastasia, almost as notorious as brother Albert, talks to Committee about alleged strike-breaking activities. He denied that he was empowered to negotiate with strikers at the Phelps-Dodge plant, Elizabeth, N. J.



the works by remote control from his comfortable establishment in Italy. Local supervisors for the United States, according to the Federal Bureau of Narcotics which has been at great pains to gather this information, are as follows:

In New York: Frank Costello—who is assisted by Joe Adonis (Joe Doto), Frank Erickson and Meyer Lansky.

In Chicago: The recently deceased Charlie Fischetti was the Mafia's top lad, supervising the Capone Syndicate. His underlings included the residual Capone brothers, a couple of lesser Fischettis (Rocco and Joe), Jake (Greasy Thumb) Guzik, Tony (The Enforcer) Accardo and Murray Humphries.

In Kansas City (this one is a little complicated): James Balestrere, known in that erstwhile political backyard for Harry S. Truman as the mystery man of K. C. politics, one-time head of the North Side Democratic Club. He was once assisted by the late Charles Binaggio (deceased by violence), and is now

helped out by Tony Gizzo, representing the Chicago (or Fischetti) group. Gizzo is at present Balestrere's righthand man.

In Cleveland: Big Al Polizzi. He is the fellow who told the Committee that he had never even heard of the Mafia!

The Mafia, far more than lesser criminal organizations, has adhered strictly to the old criminal code of "no squealing." The ancient Sicilian Mafia's code of law was the so-called *Omeria*, which had this sole rule: no talking to cops—about anything. Penalty for violation? Death. Two amendments have been added to *Omeria* in the U. S. It's okay to talk to cops if you're telling them what to do; and, the only way out of this organization is if you are preceded by your feet.

The Mafia's biggest problem is not getting money—but getting rid of it. Sprinkled around throughout the country is the Grand Council of the International Mafia. These boys, respectable old Sicilians principally

distinguished by the amount of money they possess, get a cut on the Mafia's take. Much of the New York and Chicago syndicate earnings are turned over to Lucky's international syndicate, and smuggled over to Lucky himself—who is rumored to have far more money than the Italian Government.

In addition to their Mafia operations, for which they receive commensurate compensation, the cops in this criminal machine also have their own properties, from which earnings are and remain their very own.

New ventures or unexploited territories, nowadays, are likely to be turned over in fee simple to one or another of the Grand Council members, but something in the way of pay-off is still expected to go to the Mafia—on a sort of tithing basis.

Thus, Frank Costello (with his partner, Phil Kastel) more or less privately own gambling operations in the New Orleans area. But the Mafia man who directs crime for the Louisiana district is a rocky

character named Carlos Marcello, better known as the "Little Big Man."

Within the United States the Mafia is now known as the *Unione Siciliano*—which sometimes goes through the motions of pretending to be a fraternal organization.

If the Kefauver probe had served no other purpose, disclosed nothing else, it would still have performed a great public service in demonstrating that the Mafia was not dead, not a fictitious device of yellow newspapers rounding out an issue of the weekly supplement, but a menacing cancer in the body politic of the United States.

What gives the organization its greatest power is the singleness of purpose with which it works. The *Unione* has only one function—to protect crime. Thus, the *Unione-Mafia* can cheerfully bed down with Republicans, Democrats, Communists or Socialists. If allowed to do so, it will finance the political campaigns of whichever side looks likely to win. If there

dope for our daughters



1. Girl buys "reefer" (marijuana cigarette) from street peddler.



2. Joins party of smokers. All inhale solemnly and carefully.



3. At first, drug half stuns smokers as they savor effect.



4. Then torpor ends, wild fancies begin. The party will get rougher.



1. Officer breaks in on young addict giving heroin to high school girl.



2. Allowed to go into next room to dress, girl escapes through window with companion.



3. Girl nearly gets away but officer grabs her. The ensuing struggle is pictured on the cover.

Although patterned on actual incidents, all photographs on these two pages are posed by professional models.



Unidentified gangland murder victim.

is danger of an upset, it will finance both sides. Thus, regardless of the party which gets into office in local elections, it often is in debt to the Unione Siciliano.

The full extent of the Mafia's penetration into political affairs is almost too vast to believe. One example. The Committee pointed out that, despite his disavowals of interest in New York politics, Frank Costello—and through him the Mafia—had intimate connections with no less than ten of the sixteen Manhattan districts of New York's Tammany Hall! Tammany, remember, is the official New York County Democratic political organization.

Another example. The Committee did not find any "substantial" evidence that Governor Forrest Smith of Missouri had committed himself to give anything to the since-deceased political and mob leader in Missouri, Mafia-man Charles Binaggio, in return for the latter's political support. But it did point out that Binaggio had been reported to have coughed up \$150,000 in contributions to Governor Smith's campaign. The Committee said it was unable to find conclusive evidence to this effect, but it did discuss the question of this contribution at some length, and said:

"Governor Smith's assertions under oath that (in his meetings with Binaggio) he did not discuss politics . . . or Binaggio's expectations, are simply not credible."

Monopoly Gangsterism

The Mafia's absolute dominance in the underworld today is beyond question. It does not participate directly in petty chiseling, burglary, hold-ups and similar low grade rough stuff. But bank robbery, car-theivery and other types of loose-fingered criminality do make some contribution to the Mafia's revenues. Since the Mafia (Unione) does control the avenues of political pro-

tection for crime, and does maintain contact with the fences through whom stolen merchandise must be marketed, as well as the groups of lawyers who mouthpiece for the small operators, it manages to collect steady tribute from petty crooks.

The occasional or semi-pro criminal is unlikely to have a pipeline to protection. The professional burglar, car thief or large-scale hold-up artist probably does. Thus, when a second-story man is picked up by the cops while plying his trade, it is through the channels of mob connections that an appropriate attorney is assigned to him, or an attempt to put in a "fix" is arranged. Often the contact between mob and criminal is maintained through the bondsman who puts up bail for his release pending trial. The bondsman, generally with an office closely adjoining police headquarters or city prisons, may also serve as the direct link between mobsters and cops. At the heart of this web, as often as not, sits a Mafia thug, not so much organizing, leading or directing—as collecting.

But the big sources of Mafia-Unione revenue are mainly the syndicated criminal industries. Gambling, as has been pointed out, is the most open and bare-faced of Mafia-tapped operations. From the income standpoint, however, the largest Mafia industry of all is the international drug traffic. This has now grown to such enormous proportions that even the pre-repeal underground operations of the liquor barons cannot compare with it for sheer earning power.

With Kefauver at the helm, the Committee took only a cursory look at the narcotics situation. Under Senator O'Connor and the new counsel, Richard Moser, who has replaced Halley, the Committee has put itself on record as intending to thoroughly investigate drug smuggling and peddling. The background of this lucrative industry, and some of its leading lights, are discussed in the next chapter.



Jake (Greasy Thumb) Guzik, reputed treasurer of underworld empire left by Al Capone, shields his eyes from Kleig lights as he refuses to answer Committee's questions at Washington hearings.



Joe Adonis, labeled by the Committee as a leader of one of the two major crime syndicates, prepares to testify.



Joe appears confident and in high good humor as he tells his story. Television cameras don't bother him.



Joe becomes nervous, defiant, as questions continue, probing ever deeper into his national crime empire.

mary jane and the horse

MOST of the information about intoxicants and narcotics collected by the Senate Crime Committee came from the Bureau of Narcotics, a division of the Treasury Department. Only a small part of this information was taken publicly, and that part was confined to the vague general statements offered at public hearings, outlining far less, for example, than the material reported here.

The Committee itself said, "The illicit narcotic drug traffic is an excellent example of a type of organized crime which is interstate and even international in nature. Considerations of time prevented the committee from giving . . . the intensive attention which might be desired." In addition, much of the information secured by the Committee was suppressed.

The theory behind this suppression was that publication of the inside information possessed by Federal narcotics agents might interfere with pending arrests. Agents who actually appeared at the public Committee hearings were not televised—putting them in a class with Frankie Costello. Among the agents actually giving testimony were Harry Anslinger, Commissioner of the Bureau, and—in Kansas City—Claude A. Follmer. F.B.N. agents, too, were responsible for providing most of the Committee's data on the Mafia. The Bureau of Narcotics has come to regard the Mafia as its special province because of the close connection of the latter with drug distribution.

Most of the testimony submitted to the Committee by the F.B.N. had to do with the movement of marijuana and heroin.

"From the available information it appears that the narcotic traffic in this country after a slow but

steady decline for a generation has recently shown a sharp upsurge. This is accompanied by an outbreak of youthful addiction noted in many large urban centers," said the Committee's report.

Physiologically, marijuana is about as harmful as tea or coffee, far less so than alcohol, and does not compare, as a drug of addiction, with ordinary nicotine cigarettes. In the late 1930's, irked by newspaper sensationalism that suggested New York City high schools were being turned into orgy dens by marijuana, New York Mayor Fiorello La Guardia called together a special committee of the New York Academy of Medicine. He asked this committee to conduct a thorough study of marijuana. They found it, in the main, not guilty as charged. But La Guardia said, until Federal laws barring use of marijuana were repealed, he intended to continue enforcement of the laws against it.

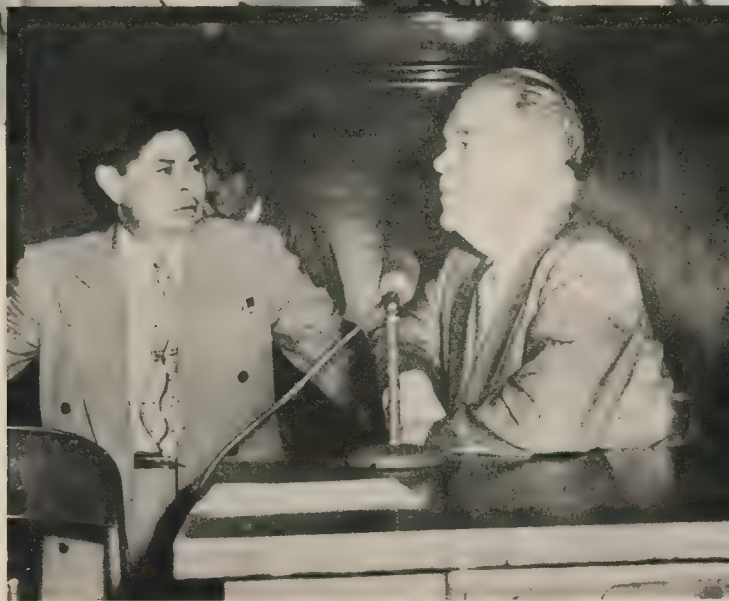
But, if marijuana was not guilty of the things of which it was accused, it was guilty of other things, most of them equally interesting.

Marijuana is a mild *intoxicant*—technically not a narcotic—produced from the resinous leaves and buds of the plant *Cannabis Indica* (the hemp plant, once the source of most rope, binder twine and other coarse cordage). The plant grows anywhere, although best and most effectively in the tropics.

Brought from India (where its use is, and has always been perfectly legal) to the Near East (where it has always been illegal), thence to Europe, South America and Mexico, it first achieved prominent notice in the latter country. From Mexico it rapidly spread into the U. S., finding an amiable atmosphere in the



James J. Carroll (in profile at far left, wearing dark glasses) is confronted by a battery of still, movie and TV cameras as he testifies in Washington.



Louis Weber (left) and James J. Moran, alleged racketeer and former New York water supply commissioner respectively, confront each other after giving differing testimony about their acquaintance at Committee hearings.



Virginia Hill Hauser appeared before the Committee, testified volubly, said the "only money I ever made I reported on my taxes," kept the TV audience vastly entertained for an hour. That's the lady—in the blue mink cape.

Mexican colonies of the southwest, New York, Chicago. By the early 1930's, it was likewise well established in the negro areas of these cities.

Because, in those days, the great jazz musicians were largely negroes, and because it seemed to go well with music, marijuana moved outward through the negro musicians to the white jazzmen, thence to the intellectual and pseudo-intellectual elements that had to do with jazz and classical music. Simultaneously it traveled from musical circles into the world of the theatre and the late-at-night underworld of prostitution.

Marijuana's principal guilt, thus, was by association. Laws curbing its general use were adopted only a few years ago. Though harmless in itself, since it lacks even the de-inhibiting action of alcohol, marijuana does offer a psychological pleasure not provided by natural stimulation. Accordingly, the type of people who seek it out and use it are individually and collectively often misfits in their society. They are individuals who cannot survive without some sort of artificial stimulation. Marijuana, comparatively mild, cannot long satisfy these neurotic personalities.

Hence, the marijuana habit often is the opening step to true drug-taking. Few users are aware of the difference between the mild "kick" of marijuana and that of genuine drug addiction. They simply want to try something with a greater kick. Much the same merchandisers—called "pushers"—who handle marijuana on a retail basis market "horse," the underworld's name for heroin. The marijuana user tends to leave his "mary janes" and climb aboard the white stallion.

Heroin is a drug with a hook. After the first time marijuana is used, smaller and smaller amounts will produce the same effect as a result of psychological conditioning. But after the first few shots of heroin, larger and larger doses are required. In time, the dosage needed to produce the same effect achieved the first time may amount to twenty times the initial dose.

A common practice among heroin users is to take the "cure." The Federal government provides a series of hospitals for the free treatment of drug addicts. The heroin, morphine or cocaine addict will nurse along his habit until the cost of this required daily dosage becomes entirely prohibitive because of the larger amounts needed to meet the physiological demand for a kick. When this happens, the addict may turn himself in to the U. S. Public Health Service and take the "cure"—simply in order to be able to enjoy small doses again when he gets out.

Where first the heroin or morphine addict cultivates the habit to live, later he lives only for the habit. All else becomes secondary to the need for his drug.

Dope for Our Daughters

Because of marijuana's close connection with "junk" (hard stuff, the true narcotics) and because much of its marketing is done through the same channels, it, along with the hard stuff, has been taken over

by the mobs. Today almost anyone who wants to buy any of the intoxicants—such as marijuana, mescaline, peyote—can procure them in any large city. He is then likely to go on to the narcotic drugs, helped by the pushers who make them available.

In the trade view of the Mafia, which operates the bulk of U. S. drug traffic, marijuana occupies roughly the same position that beer once held in Prohibition era. Some of it is homegrown. The best quality comes in over the Mexican border, or by ship from the Caribbean countries. Because it is bulky and must therefore be imported in fairly large quantities amounting in the aggregate to many thousands of tons annually, it is far less profitable to handle than the present day equivalent of prohibition "scotch" or French brandy—the hard stuff peddled to "junkies."

Marijuana is transported through the country by every means known to ordinary merchandising. It moves by car, truck, plane, train, bus and street car.

Heroin, the almost bulkless end-product of the chemical processing of morphine, is smuggled into the country primarily through the eastern seaports—New York, Baltimore, Philadelphia, Boston—and secondarily through New Orleans. One man can carry concealed an amount of uncut heroin which, when ultimately prepared for the retail trade, will bring \$1,000,000.

Typical was a case cited before the United Nations Commission on Narcotic Drugs recently by F.B.N. Commissioner, Harry Anslinger. He pointed out that only a few weeks before a New Yorker named Frank Callasi, whom he described as a "notorious member of the Mafia," had been arrested by Italian police as he stepped from a plane from Milan at the airport in Rome. Callasi had been carrying six pounds of heroin on his person. It was believed this was to have continued with Callasi to the United States.

Anslinger told the U. N. that the major sources of heroin reaching America were Italy, Turkey, Greece, Japan and China.

Here is the biggest business of the Mafia. Heroin is imported to the U. S. by Mafia agents, distributed through Mafia channels, unloaded to non-Mafia wholesalers and merchandised by the lowest type of underworld character. Tracing heroin back from a "pusher" to the original distribution source has proven practically impossible. The likelihood that Federal authorities will ever break the key links in the drug marketing ring is indeed very small. Though police and Federal agents often announce in the public prints that they have "smashed the Oshkosh drug ring" or "crushed the huge Harlem dope syndicate" the chances are that they have arrested two retailers and one wholesaler of marijuana, or trapped a jazz musician with a needle in his possession.

The upper levels of the Mafia, though they receive income indirectly from the drug traffic, profess to regard it with utter disdain. Our Frankie has told newspapermen, "I'd rather die than sell dope!" Frankie's boss, Lucky, used an intermediary to tell visiting newspapermen in Italy, "All that stuff about narcotics and vice rings is just a crock of——!"



Mickey Cohen (hand upraised), Los Angeles gambler, is sworn in by Senator Estes Kefauver at an open session of Senate Committee hearings in Los Angeles. The Committee wanted Mr. Cohen to explain some details about his income.



This group of citizens is composed of liquor company executives called together by the Senate Committee to determine the extent to which mobsters have muscled into liquor distribution. Their testimony was taken by the Committee behind closed doors.

Like corporation executives who disregard sweatshop conditions in sub-plants or parts-manufacturers, even though they accept the earnings of the sub-plants as part of the main corporation profits, Lucky and Frankie & Company are building their bankrolls right around those customers of whom they are so contemptuous.

Police corruption is as necessary to the narcotics trade as it was to bootlegging. Also, customs agents of various countries must be bribed. State laws must be kept from becoming too stringent. Legal protection must be provided. Sources of drugs must be located. Distribution must be arranged.

These are the jobs that the Mafia, upper level as well as lower, does for the drug trade. Even the Chinese drug movements, once the most important in the narcotics, have been taken over by the Mafia. Although Chinese pushers still peddle opium and other hard drugs, today they buy the wholesale goods from Mafia importers.

Heroin is often supplied to inmates of houses of prostitution, particularly when one of the girls is called upon to participate in some sort of public performance—help out on criminal assignments—or is just tired out by overwork.

In one Manhattan establishment an attractive, smooth-bodied brunette who might, under other circumstances, have passed for a model, when asked to take on two customers at once, said, "I can make that. But I'd dig it more if I could get 'on' (high on heroin) first." Raids on houses of prostitution often turn up

hypodermic needles and caches of hard stuff.

Heroin is marketed in capsules (called "caps"). Since the source of supply for the U. S. is on the east coast, prices increase steadily as one moves farther west. A New York "cap" costs as little as \$1; in Chicago it may cost from \$1.75 to \$3. In Los Angeles the same capsule may run to \$5.

The marijuana commerce is so vast that prices are fairly uniform throughout the country. Sales of individual "reefers" (marijuana cigarettes) are small. Most users buy in bulk by the ounce (called an "O" in the trade).

Actual weight of the so-called ounce, depending upon, the "honesty" of the pusher, may range from less than half of a true ounce all the way up to a full ounce—measured, generally, on an unreliable postal scale. Selling price of the ounce if bought in bulk—half a pound or more—may run as low as \$10 or \$12. Purchased by the individual ounce, the cost may go up to \$35. Locally grown "grass" may sell for as little as five dollars an ounce, even in small quantities.

As has been pointed out, the main source of information on the Mafia is the Bureau of Narcotics. Yet even that bureau has had a tough time collecting its data. In testimony before the Kefauver Committee, F.B.N. agents explained that the most valuable bit of evidence they had ever turned up was a notebook found on Nicola Gentile, a traveling agent for the Mafia, who was arrested in New York. The Bureau called the notebook "a who's who of the Mafia narcotic traffickers."



Heroin, opium and perfume, valued at \$300,000, seized from French ship *Bastia* by customs men. They charge that Lucky Luciano was involved in this and many other recent shipments. Ship called at Italian ports before reaching New York.

Though the narcotics bureau kept the notebook, they lost Gentile. He jumped bail and took off for Italy, where he is now a big help to Lucky Luciano.

None of the Kefauver witnesses called to the stand admitted: a) connections with the Mafia, b) that there was such a thing, c) or that they'd ever heard of it.

In Kansas City, for example, the Committee asked Tony Gizzo, "Do you know Balestrere?" Balestrere was reputed to be the local Mafia head.

Gizzo said, "Yes, sir."

Question: "He is rather widely known as a prominent man in the Mafia, isn't he?"

Gizzo: "That's what you hear."

Question: "What do you hear?"

Gizzo: "The same thing you said just then."

Later, however, Gizzo was asked, "Do you now belong to the Mafia?"

Gizzo: "What is the Mafia? I don't even know what the Mafia is."

In Washington, Salvatore Moretti, a Jersey hoodlum, similarly testified that he was sorry, he didn't "know what you are talking about." That's the stock answer — to Senate investigators or anybody else.

This reluctance to talk about the Mafia extends even to men under closed chamber scrutiny by the narcotics bureau. There is a good reason for this reluctance.

Only one of the ten or fifteen men who have cracked about the Mafia to police or narcotics in-

spectors is still alive. His name is Leonard Calamia, a San Franciscan. The San Francisco police inspectors who interrogated him do not expect him to remain with us much longer.

The Senate Committee did not get very far with its investigation of drug peddling, but it did penetrate deeply enough to develop awareness of the enormous extent of drug movements through illegal channels. Senator Tobey managed to "have tears in my eyes," when he heard how school children were being sold narcotics, but the truly shocking extent of the illicit trading in hard stuff is still far from full public disclosure.

In New York City alone, at the time of the Kefauver hearings, officials estimated that more than 45,000 high school kids were taking either heroin or marijuana and with the "horse" threatening to become even more popular than "mary jane."

All these facts reached the ears of the Committee membership. They made recommendations concerning them — as we shall see. But here again, the lesson of the Committee investigations is this:

The true criminals in this matter are not only ruthless, evil mobsters and craven police. We, the people, are equally guilty. Apathy, fear, lack of conscience or awareness — these have caused us to stand by idly while the children of our land are being sacrificed to narcotics. It is time that the public rises in its might and crushes this most revolting of horrors, this sprawling trade in dope.

take a chance

SO WHIMSICAL an optimist is Estes Kefauver that he wrote a book outlining a plan for reorganizing Congress to make sense. The book is unlikely to be acted upon. Reason: most Congressmen are pretty happy with Congress as it is, though the electorate might appreciate some of the Kefauver-suggested improvements. However, the book does demonstrate that he takes his responsibilities pretty seriously. So it was not surprising that all through the crime investigation he made it a point to keep up with his regular Senatorial duties. In addition, he busied himself with other public affairs, including a movement to bestow home rule on the District of Columbia.

Perhaps, then, he just lacked the time to give full attention to more than one or two aspects of interstate crime, and so chose to concentrate heavily on gambling. Or perhaps his staff of counsel simply found that once they had started digging into gambling, the pay dirt was too rich to abandon. At any rate, the major share of evidence which the Committee took was tied up with gambling (though sometimes indirectly). And gambling occupied the major space in the report the Committee issued. This rather surprised one national news magazine, which commented that the Senator was understood to enjoy an occasional game of stud poker himself.

Even when other areas of crime were touched upon, it was generally in connection with this pursuit of gambling. For example, it led the Committee to stir up a couple of related murders, peer at the organization of gambling—therefore the organization of crime generally—and analyze income tax returns

for large violations connected with gambling money. But the important thing that the investigation turned up was not so much the evidence concerning the size and extent of gambling. Everybody knew about that. What was far more startling was the degree to which corruption had penetrated officialdom.

Gambling, Inc.

Following the gambling trail, Kefauver and Company discovered that two major criminal networks existed in the United States. The first, of course, was the Costello operation in New York. In Gotham itself, and across the greasy waters of the Hudson River in New Jersey, there existed almost wide-open book-making, dice-rossing, betting on numbers (policy), gaming of all types, all under New York control.

Upstate, in Saratoga, the New York syndicate operates a wide open town. The Committee found that the State Police seemed to be under orders from someone or other not to go barging into Saratoga.

Philadelphia had brotherly love, and enough gambling to keep everyone from getting bored with all the love. Philadelphia was controlled from New York.

The New York syndicate—and Costello—reached into still other areas, particularly southerly ones. Frankie himself cheerfully admitted to the Committee that he had bought his way into New Orleans during the reign of Kingfish Huey Long. He had planted his machines around the city, and was still sitting back and admiring the profits. Our Frankie also participated in Miami pickings—through assistants Joe Adonis and Meyer Lansky. These energetic gents had their New Jersey operations to take



Virginia Hill admitted to the Committee she knew most of gangdom's big names. It was in her Beverly Hills home that gunman Bugsy Siegel was murdered. For an hour she regaled Senators with tales of high living. After Bugsy's death she married Hans Hauser, ski instructor, and recently had a baby girl. The Alabama-born brunette, shown here leaving New York Committee hearings, is 36 years old. Income reported in her tax returns, she testified, represented earnings from wagers on sporting events.

care of, but never were too busy to neglect the Florida resort.

The second great crime syndicate cited in the Committee's report was the Capone-Fischetti network. Based in Chicago, it extended also into Miami, as well as Kansas City (through Balestrere and the late Binaggio), St. Louis, and Hot Springs. Both groups seemed to have quite an interest in Nevada gambling which—although perfectly legal—seemed to be run by the children of the Mafia. Costello had also been interested in the Far West, by way of Bugsy Siegel.

Bugsy had been, in New York, a partner of Meyer Lansky, still a big spoke in the wheel of which Costello is the hub. But at the time that two politically ambitious characters named Bill O'Dwyer and Tom Dewey were wearing out their toes kicking the gangland crews around, Bugsy thought it wisest to take off for California.

Now, among the most interesting figures called to testify before the Committee was the great Virginia Hill, who among other things supplied some badly needed comic relief.

The reputed confidante of several of our most eminent gangsters, understandably she was looked upon with great interest by the Senators, the gallery and the television audience.

It was in Virginia's home that Bugsy Siegel was found shot to death. The pitch was that Bugsy didn't want to be caught dead in Chicago or New York—and he was fairly sure that was what would happen if he went in person to either place.

Siegel had in mind building a super hotel and gambling joint in Las Vegas to be called the Flamingo. It cost a fortune, which Bugsy just didn't happen to have on him at the moment. So the New York and Chicago syndicates jointly put up the dough and made Bugsy the head of operations.

The Flamingo was erected and put in operation. But it didn't make money. The Fischettis once wired him \$300,000 for an especially heavy bump the Flamingo had taken. The New York boys also slipped him cash from time to time. But the Flamingo finally got far enough in so the hole was \$6,500,000 deep.

Then New York and Chicago got together. This, they decided, was not the way to run a hotel. They sent a couple of the boys to talk to Bugsy, explaining that they would continue to finance the hotel if Bugsy retired from its management.

Although Bugsy had a piece of practically everything on the West Coast, including gambling, perfume smuggling, the California wire services, narcotics and all the usual gang stuff, he was living too big, spending too much money, staying constantly and deeply in debt. His show-off tactics kept the Flamingo in the red.

When Bugsy heard they wanted him out of the hotel business, he told them bluntly to go fly kites. So Costello and the Fischettis conferred. Then they took the matter up with Lucky, who was by then back in Italy. Lucky said the time had come. And it was Bugsy's time. Accordingly, in Virginia Hill's expensive and expansive Beverly Hills home, somebody blew off half of Bugsy's head with a carbine—

while Virginia, sensibly, was gadding about Europe.

At this juncture the New York and Chicago boys moved in and tried to make the Flamingo work. It still didn't. Finally Costello & Friends pulled out of the deal, leaving the Chicago operators to try and show a profit for themselves.

All this is mentioned here to demonstrate the far-flung operations, the methods, the organization, of the gangs. But operations on such a scale, obviously, are impossible without the cooperation of highly placed officials, police and politicians. This fact was admitted at Committee hearings not only by gangsters, but by prominent civic and police officials, who should know.

Attention to the political side involves more than simple bribery. Moran, New York's Water Supply chief under O'Dwyer and the latter's close personal friend, testified falsely before the Committee—has since been tried and convicted for that perjury. His trial brought out that he had not only accepted \$55,000 from a representative of the city's firemen seeking influence in their behalf, but also that he was regularly visited at his office by Weber, king of policy gambling in the five boroughs. What, if anything, Weber paid for protection to various political figures in town, or for that matter to the overlord gangsters and the Mafia, will probably never be known exactly. But it is obvious that Weber, like Costello and the rest of the gambling tribe, would do their utmost at all times to plant sympathetic or "reasonable" officials on the body politic.

Judges and Others

In New York, just to show how far political influence can go, Costello apparently occupies an important place in the heart of at least one important judge. A New York magistrate named Thomas Aurelio wanted to become a justice of the state Supreme Court. The problem was, of course, to secure the nomination. Here's part of the story, as quoted from the Committee report:

It is well known that (the day after he was nominated) Aurelio telephoned Costello to thank him and pledged his undying loyalty. It is equally well known that the district attorney of New York County, Frank Hogan, at that time had a legal wire tap on Costello's phone. As a result, Hogan was able to conduct a very extensive grand jury investigation, and also conducted disbarment proceedings against Aurelio which resulted in findings in Aurelio's favor. The testimony in these proceedings and the wire taps themselves were extremely helpful to the committee. The wire taps in particular gave a vivid picture of Frank Costello as a political boss and an underworld emperor.

That was in 1943. Aurelio became, in due and proper course, Justice of the New York State Supreme Court for the First Judicial District, covering New York and the Bronx. The undyingness of Aurelio's loyalty still continued in 1949, despite vast publicity given the telephone conversation. In that year Uncle Frankie threw a big charity dinner for the Salvation Army at New York's Copacabana night club. No less than eight judges, including Thomas Aurelio,



Sidney A. Brodson, Milwaukee lawyer who became a big-time gambler, tells Senate Crime Committee he bets a million dollars a year on college football and basketball, was sure basketball games were "fixed" long before Madison Square Garden scandal broke. His "business phone," listed as a "food distributing" firm, runs up bills of \$15,000 annually. Mrs. Brodson, mother of three, sat behind her husband during hearings, thoroughly enjoyed his smooth answers to probes.

were present. So were most top Tammany wheels—and a Congressman!

Thomas Aurelio's term does not expire until December 31, 1957. It is difficult to tell whether his loyalty also will expire on that date.

In Miami, Committee reports disclosed, you could buy a sheriff for about \$70,000—payments deferred over a period of five years. In New Orleans, Sheriff Johnny Grosch apparently came a little higher. His divorced wife testified before the Kefauver TV producing company that he had about \$150,000 stored away in a cashbox.

Florida's Broward County sheriff (Fort Lauderdale) had an approach of his own. His name was Walter Clark, and he believed that poverty was the wrong income class for him. Before the Senate Committee he cheerfully admitted that he had an annual salary from the county of \$7,500, but was eking out this small change with a supplementary \$35,000 a year picked up from other areas. Broward County's Clark said he didn't feel the electorate had expected him to do much about closing gambling houses. He said, "I am not going around snooping in private businesses and homes." He was also a twenty-five per cent partner in the Broward Novelty Company which operated a bolita (Cuban gambling game) and slot-machine business grossing more than one million dollars in three years.

At the New York hearings of the Senate Committee, Frank Costello had conceded that he did not think there could be large scale gambling and/or bookmaking without a payoff to the police.

Even in New York City, a remarkably clean town considering its size and if one disregards bookmaking which even goes on in the Capitol building in Washington, the beat cop picks up a little change here and there for not paying too much attention to the corner bookie, who is very likely to be the cigar dealer as well. But the ordinary policeman came a little cheaper than a southern sheriff. In most cases, beat cops served primarily as collection agents for captains—and so on up the line.

Once in a while, however, somebody turns up a cop who is as honest as his brethren—i.e., he will overlook gambling, and do most of his traffic ticketing at the end of the month when it looks as though the precinct captain may be reviewing his quota—but who cannot be compelled to overlook any of the things he really considers violations of the law.

Such a cop was Chicago's Captain Bill Drury. Captain Bill, during his long career in the Chicago police force, had devoted a lot of time to annoying such mobsters as Greasy Thumb Guzik, Charlie Fischetti, and Murray (The Camel) Humphries—all prominent in the Fischetti-Capone syndicate.

In 1947 Bill Drury had taken a deep interest in James Ragen's murderers. This is the murder which the Committee so pointedly connected up with the odd series of ownership changes in the Continental Press Service. With another honest cop, Thomas Connelley, Bill Drury put the pinch on Caponista Guzik,

charging him with complicity in Ragen's murder. Two hours later, Guzik was out of the can.

But guess who was indicted? Drury and Connelley—for depriving Greasy Thumb Guzik of his civil rights! There was a special prosecution, and Drury was booted off the police force of the respectable old city of Chicago.

Drury appealed his case, and a court ordered him reinstated with back pay. But the so-called reform administration of the City of Chicago carried an appeal from this decision one court higher. The higher court—a state court—reversed the lower court's decision, confirming the position that Drury had failed to perform his police duties.

Harry Gross, charged with operating a \$20,000,000-a-year betting ring, told a Grand Jury about his \$1,000,000 annual protection pay-off and the grafting New York policemen who collected it.





Reported involved in basketball "fix" scandal, Salvatore Solazzo, jewelry manufacturer, appears in Federal Court. Committee's report blamed much of game-fixing on professional gamblers. Uncle Sam's agents claim Solazzo owes \$210,779.16 in back taxes for one year alone!

No man to take this lying down, Drury appealed to the press. He contacted Lait and Mortimer, who were then preparing their boog *Chicago Confidential*, and spilled his story. This book, as we have seen, was by Kefauver's own admission one of the things which had touched off his cry for a crime investigation.

In addition, Drury went to the Republican candidate for sheriff of Cook (Chicago) County. This Republican was running against Police Captain Daniel A. (Tubbo) Gilbert. Gilbert had the reputation of having earned a lot of money for a police captain. Bill Drury claimed to know where the money came from. He was prepared, he said, to supply this in-

formation to Gilbert's opponent through the Republican's lawyer, a man named Marvin Bas.

He did, apparently, supply some of that information to Bas. More about that in a minute.

Meanwhile, Lait and Mortimer had been pushing Drury to Kefauver as a potential investigator for the Kefauver Committee. Kefauver, the two writers claim, favored the idea of putting Drury on the staff. *Rudolph Halley didn't* — on the ground that Drury had been fired from the Chicago police and was therefore disreputable. So the Committee turned him down.

Later Drury offered to supply the information anyway, without an appointment as an investigator for the Committee. He was assigned an interview with a Kefauver investigator for October, 1950, to supply a groundwork of information for the Committee's Chicago hearings.

The investigators came to town; Drury outlined for them the information he intended to provide. Another appointment was made — but when Drury tried to keep it, for some unknown reason he was unable to reach Committee investigators.

Then, later, he told Mortimer and Lait that he had the goods on some member — not specified — of the Kefauver Committee staff, who was leaking information to the police and the mobsters.

A few evenings later, Bill Drury, still unable to reach the Committee, drove to his home. As he backed into the garage, two men ambushed him and shot four holes in the windshield of his car. Two of the holes went on into Bill Drury.

As for Lawyer Marvin Bas — he was shot down four hours later in another part of the city.

Oh yes. The Committee did, finally, investigate Tubbo Gilbert, and his strange wealth. The resulting repercussions cost Scott Lucas, quondam majority leader of the United States Senate, the election. He lost because of his connections with the political group which was supporting Gilbert for sheriff.

Interestingly enough, Lucas had been one of the Senate manipulators who had worked out the plan for keeping high-power Republican investigators off the Committee by having Republican appointments made through Vice-President Barkley.

This little picture of corruption seems to fit nicely on most large American cities. Chicago's police are neither better nor worse than those of other Illinois towns, not to mention the coppers of Cleveland, Detroit, Kansas City, Miami, Los Angeles, Washington, St. Louis and various lesser cities — at many of which the Committee has already held hearings, and at some of which it will collect testimony in future. As for New York City, its cops are being investigated, suspended and forced to resign — literally — by the hundred. This in connection with the investigation there into the activities of Gross, the town's big bookie, who each day handled more money than the City Treasury. Not that New York is any worse than other places; it is simply larger. The point is that where gambling exists, political and police corruption exist. That much the Senate Crime Committee has demonstrated.

the boys in the smoke-filled rooms

WHEN Estes and Frankie finally came together during the Committee's New York hearings, the explosion was not as violent as had been anticipated. Everyone seemed to be going out of his way to "keep this thing on a high plane."

There were no embarrassing political questions asked of Uncle Frankie. Nobody yelled at him—except Bible-thumper Tobey, who gave vent to both spleenish protest and tearful anger.

Perhaps the most disturbing question Costello had to answer was one posed by the New Hampshire Republican. He asked, "What have you ever done for your country?" Costello, prepared for devious conning, quick decisions on whether or not a question was potentially incriminating or safe under the statute of limitations, was not ready for this startling non sequitur. He fumbled for a moment, came out with, "I paid my taxes," and brought down the house.

It is not the purpose of this book to report the actual published testimony of the Kefauver investigation. But some comment is necessary on the way that questions were answered.

A senatorial investigating committee is entitled to ask anything it likes. Nevertheless, the Constitution of the United States says no man can be forced to incriminate himself in a court of law or—by legitimate extension—before any courtlike body.

However, failure to answer a question posed by a court or a committee makes the silent one subject to the penalties for "contempt."

Even though the witness refuses to answer on constitutional grounds, Congress may still vote him in contempt. He may then be indicted and brought to

court, where he must prove to the satisfaction of the court that the question, if answered, might truly tend to incriminate. If the court is not satisfied, it may find the witness guilty of contempt of Congress, jail him for one year and/or fine him \$1,000.

But—the witness must truly be in danger of incriminating himself to properly refuse an answer. He must answer anyway if the crime is outlawed by the statute of limitations or if, in any other way, he has been placed beyond the law in that particular matter.

Frank Costello testified freely, if not willingly, about his prohibition era misbehaviors. Why? The statute of limitations made it impossible to prosecute him for violations of the prohibition laws. He refused to testify only about his total net worth—which might incriminate him under possible income tax prosecution.

Theoretically a witness before a Congressional committee cannot refuse to testify excepting concerning Federal offenses, since these records are theoretically unavailable to states for purpose of prosecution. He would not, therefore, be incriminating himself by telling the committee all he was asked. But Kefauver, himself, messed that one up for the Committee. At one of the public hearings he made the statement in connection with a witness, "You're not going to get away with this," and suggested that the Committee records would be turned over to local prosecutors.

As a part of the record, this made practically everything that anyone might refuse to testify to subject to the Fifth Amendment to the Constitution:



Counsel Rudolph Halley (left) and Senator Estes Kefauver.

"No person . . . shall be compelled . . . to be a witness against himself . . ."

At any rate, Frankie was a good witness. Halley himself said so.

There were other witnesses. One of them was Bill O'Dwyer, now U. S. Ambassador to Mexico.

Both O'Dwyer and Tom Dewey were invited (not subpoenaed) to testify. O'Dwyer volunteered to appear before the Committee. Dewey did not exactly refuse—but requested that the mountain come to Mahomet—that is, that the Committee come to Albany for the testimony. This, of course, the Senators found inconvenient, or unwise, to do.

Dewey could have been subpoenaed, because there was a little confusion about the way his state government was handling the goings-on up in Saratoga. He was not subpoenaed. Why?

Certainly, the Committee seemed dedicated to putting O'Dwyer on the spot. It got deeply involved in the death of a witness named Reles who was to have appeared in the prosecution of a certain Anastasia during O'Dwyer's career as a district attorney in Brooklyn. It may, or may not, have been relevant to interstate crime. But it looked a little like politics.

The Committee, finally, got nothing on O'Dwyer, although there was testimony that he had accepted a political campaign contribution of \$10,000 from the New York City firemen.

The Committee did catch a few political associates of the ex-Mayor's with their pants down.

It almost seemed as though the Committee had been willing to skip the gruesome details in such

crime centers as Kansas City and Chicago, but were pretty anxious to smear hell out of O'Dwyer's New York.

Could it be that O'Dwyer was no longer a popular figure with the Administration in Washington?

There had been a threat, once expressed, in open hearings, to move for deportation proceedings against Costello on the ground that he had been involved with the rackets back in the days when he had secured his U. S. citizenship.

No less a personage than Attorney-General J. Howard McGrath saved Frankie. Can't be done, he said, in effect. Frankie hadn't been convicted of a first class crime within five years of securing his papers.

Not clearly brought out at the hearings were the complex political connections of Costello, the Mafia, the Fischettis and others of their ilk.

Kefauver's Future

Estes Kefauver is highly eligible for the Vice-Presidential candidacy come next election-time, and is, even now, being talked up for the Democratic nomination for the Presidency. He would probably make a fine President. He seems to be honest and liberal on practically everything but the Fair Employment Practices Legislative Program. On that, too, he is sufficiently honest to oppose the filibuster.

But he is a Democrat. He does not dare alienate the forces that move nominations, and press them through the political conventions. These forces, except on rare occasions, have little to do with the



Horse and dog track operator William H. Johnston, of Chicago and Jacksonville, Fla., tells Committee of \$100,000 he put up for campaign of Florida's governor.



Erickson, caught off guard, a few moments before he was sentenced to two years in prison and a \$30,000 fine. He had pleaded guilty to a 60-count indictment—could have received 60 years.

electorate. It is an unusual thing for public demand alone to lead to the election of a President, but the nomination is, it is true, often worked out on the basis of popular appeal.

On popular appeal alone, Kefauver stands well for the nomination. He is from a borderline state, south enough so that he might draw the heretic Dixiecrats back to the Democratic fold, liberal enough to get the big city vote, flashy hero enough by virtue of his crime investigation to appeal to rural Americans, well enough known as a courageous figure (especially after advertising it in the *Saturday Evening Post*) to draw popular votes all over the place. But the public comes second. First he has to run the gauntlet of the political machines.

Something to think about, while considering politics, is the question of direct political representation of the Mafia. In Illinois, it has been alleged, there are fifteen state legislators who are actually owned outright by the Mafia. They are so placed that they can manage to adjust legislation which might affect the illicit operations of their syndicate betters.

In Kansas City, Missouri, James Balestrere has been reported (on the Committee record) to have a grip on the whole northeast section of the city. Is it possible that he can control state legislation?

Now let us go on to the next chapter and ask a few more questions—for there are many aspects of this investigation which do not seem to have been cleared up.



Frank Erickson, nation's biggest bookmaker and associate of Costello, tells his story to Senate subcommittee. He is now in prison.



James J. Moran, New York's commissioner of water supply, sentenced to five years for lying to the Committee about his more than 80 meetings with Louis Weber.



Louis Weber, alleged numbers king, testifies before the Committee. Accused of perjury, he was tried later and sentenced to five years.



William O'Dwyer, former mayor of New York and now ambassador to Mexico, calmly tells reporters that charges he had accepted \$10,000 gift while mayor were "untrue and fantastic." Committee's report held that climate of his administration was conducive to racketeering and political corruption.



CHAPTER NINE

WHY was New York's Governor Tom Dewey never subpoenaed to appear before the Committee to explain his attitude toward gambling in Saratoga? Why, although the Committee took no light view of his failure to appear, did it never take serious steps to press for his appearance? Why, and by whom, were the New York State Police instructed to keep away from the criminal operations in Saratoga? Why did Dewey never get copies of a report made by a State Policeman on crime conditions in Saratoga? Why hadn't he received the information forwarded by the Kefauver Committee itself on available testimony concerning Saratoga?

Why was Costello never questioned about his meetings with at least one White House figure, and with another known to be a prominent five-percenter?

Working down from there, why didn't the Committee subpoena certain prominent Bronx politicians whose relations with Frank Costello were common knowledge?

Why was there so much emphasis on gambling, so little on other crimes? Could it be that somebody, not mentioning any names, felt that gambling was a matter over which the general public could work up very little indignation?



Here are the members of the Senate Crime Investigating Committee at a news conference following release of the 195-page report on their year-long probe of gangsterism. Left to right: Senators Lester C. Hunt, Alexander Wiley, Estes Kefauver, Charles Tobey and Herbert O'Connor.

questions and answers

Why did the Committee (according to disclosures of late Committee hearings made by Drew Pearson) spend \$74,000 and maintain a payroll of 39 investigators for New York City investigations, when it had spent only \$4,000-\$5,000, used only two or three investigators in such big cities as Chicago, Kansas City, Miami? Was it because there was a personal campaign against O'Dwyer that it was found necessary to check into the firemen's fund—apparently little related to interstate crime?

Why didn't the Committee further develop the matter of rumored financial interests of the underworld in the Hudson and Manhattan Railroad? Why was this left as a secondary matter in the testimony of New Jersey underworldling Abner Zwillman?

Why did the Committee go after O'Dwyer with such intensity, while giving no major attention to the vast scope of underworld political control in Chicago? Why didn't the Committee capitalize on the generous, even heroic offer of Bill Drury to testify—an offer which undoubtedly resulted in his premature death? Why were Mortimer and Lait never called to give testimony on the information Drury had supplied them? Why has Kefauver made such a point of the "reform" administration in Chicago? The Chi-

cagoans, themselves, evidently saw through the government when they booted Scott Lucas out—was Kefauver only unintentionally responsible for that booting?

Although Governors of three states, Smith of Missouri, Warren of Florida and Dewey of New York, did not exactly arouse the admiration of the Committee, this was largely because of accidental penetrations into higher spheres that inevitably rose from lower criminal ranks. Why was so little attention given to anything above the rank of county sheriff?

Why hasn't the Committee even suggested special legislation which would make the subornment of officials of any governmental body, state, county or local, a Federal offense? Do they feel that such legislation, since it would permit the F.B.I. to step in and investigate crooked state and municipal operations, might interfere with the complexion of the political regime in Washington?

Why was the Committee so cautious and general in investigating industries controlled by hoodlums? Why were not more industry executives—not necessarily criminals—compelled to testify as to underworld holdings in their companies?

Why did Tom Dewey pardon Lucky Luciano? Why

didn't the Committee force testimony concerning this mysterious incident? Though the contention has been advanced that Luciano performed vast services in aid of allied landings in Sicily, the concerned army departments pointed out this was nonsense. Does the other story, that he had helped defeat waterfront sabotage in the Port of New York, sound any more reasonable? Who stirred up this story? Was it underworld press-agents, as has been suggested? Or was this latter piece of phony baloney produced in Albany? If this story of war aid was true, why was Luciano not pardoned during the war? Why did it have to wait until 1946? Was it possible that somebody hoped the war-aid story would be irrefutable at that late date? Is it possible that the Mafia reached somebody who pulled strings for Luciano?

Why was a prominent figure of stage and screen, who called on Luciano in Hollywood, never called to testify about his visit? How extensive are underworld influences in the amusement industry, in Hollywood?

Why did the Committee stay entirely out of Baltimore, although petitioned to conduct an investigation there? O'Connor plans now to investigate Baltimore,

it is said. Will the findings be as interesting as they should be?

Why did Baltimore's Mafia-run criminal interests never undergo any examination whatsoever — although acknowledged to be one of the Mafia's largest areas of operation?

Why didn't the Committee investigate Mafia operations in the Illinois legislature?

Why didn't the Senators dig a little deeper into Frank Costello's participation in some presidential nominating conventions?

Was Kefauver, himself, afraid of blowing the lid off doings and the collection of disreputables that seem to find resting space around the White House?

Was there some horse-trading between Republicans and Democrats to the effect that if the Kefauverites didn't probe too deeply into Dewey the Republicans wouldn't fuss unnecessarily about the gentle treatment higher Democrats were getting?

Does the Mafia pattern of corruption extend so far into Washington that the lid must be kept on at all costs?

SUGGESTIONS MADE IN REPORT OF SENATE CRIME COMMITTEE

TO STATES AND LOCAL GOVERNMENT:

1. Appoint a special committee in each state to make a thoroughgoing investigation of organized crime.
2. Institute Grand Jury investigations in every community in which gambling and racketeering exist.
3. Establish surveys of state and local law enforcement agencies to fix a pattern of cooperation and to bring about greater centralization of responsibility for law enforcement and greater efficiency of police operation.
4. Establish special anti-racket squads in each state with enough manpower to permit them to function against crime (with particular emphasis on the narcotic traffic).
5. Revise ineffective state criminal laws.
6. Revise legislation to license establishments so that any place which permits gambling on its premises would lose its license to function.
7. Establish a citizen crime commission to review official conduct in each large community.

TO THE FEDERAL GOVERNMENT:

1. Maintain a continuing check, through some such committee as the Kefauver group, on organized crime and police and federal prosecution of criminals.
2. Create a racket squad in the Department of Justice.
3. Form a permanent, three-member Federal Crime Commission to oversee state and federal anti-crime operations.
4. Check all income-tax returns of all known criminals.
5. Force criminals to obey present laws calling for detailed books of business operations in connection with tax returns.
6. Compel detailed records (bookkeeping) on all wagers made with bookies or by any other means — even in states where gambling is legal. The cost of bookkeeping alone might be enough to take the profit out of gambling.
7. Change tax laws to bar deducting gambling losses from gambling winnings (now permitted) for income tax purposes. Thus the horse-player would pay taxes on his winnings of any given day. But his losses, the next day, would not be deductible from those winnings.

8. Outlaw any wire, telegraph or other interstate informational service substantially devoted to providing information used in illegal gambling.

9. Add a "net worth" provision to the income tax laws requiring any person earning more than \$2,500 a year from illegal sources to report his total net worth each year with his income tax return.

10. Bar from the mails or other interstate communications any messages intended to place or pay off on bets.

11. Bar interstate shipment of any and all gambling devices (roulette wheels, punchboards—dice?).

12. Increase federal penalties for selling or distributing narcotics.

13. Simplify functioning of laws permitting deportation of undesirable aliens and criminals.

14. Alter immigration laws to punish those who smuggle, conceal or harbor aliens who have entered the U. S. illegally.

15. Authorize the Attorney General to deport naturalized aliens found ineligible to remain in this country.

16. Expand personnel of federal law enforcement agencies, giving special enlargement to the Federal Bureau of Narcotics.

17. Make perjury laws more rigid and to include, as evidence of perjury, contradictory statements made by a witness within a period of three years.

18. Authorize the Attorney General to grant immunity from prosecution to witnesses whose testimony he may require.

19. Authorize service of subpoenas by publication for persons who evade personal service. This would permit issuance of warrants for arrest for those who ducked process servers.

20. Debar from the liquor industry any person connected with racketeering, and remove from the liquor industry any one already active with racketeering connections.

21. Require the listing of all beneficial owners (i.e.: stockholders) on federal liquor permits, and require listing of all arrests or convictions of any crime by persons applying for liquor permits.

22. Authorize the Interstate Commerce Commission to pass on the moral fitness of any applicant for permission to operate an interstate transport business.

Enough questions? Well, hardly. But we're running short of space. So let's see what the Committee has actually accomplished, what the favorable side of the ledger shows.

The Balance Sheet

Several of the more recalcitrant witnesses at the Kefauver-conducted hearings have already been brought to trial. Harry Russell, for instance, was tried for contempt after refusing to answer questions about gambling activities in Miami. Of him, the Committee report states:

"His connections with the Capone group are clearly established."

You will be pleased to know that a court let him off on the contempt charge.

Another Miami fuss involved "Smiling Jimmy" Sullivan, who had been hard put to it to explain certain activities which in the view of the Committee coincided with the interests of gamblers in general and the Capone mob in particular. During his five years as Dade County (Miami) sheriff, he had increased his wealth from \$2,500 to more than \$70,000 apparently not including, says the Committee "\$26,000 . . . sent to members of Mrs. Sullivan's family." Sullivan's deputy, on an annual salary of \$4,200, managed to buy a new Cadillac, and after four years retired to a comfortable farm. Following the Crime Committee's hearings, Sullivan was indicted for neglect of duty by a grand jury. Then Governor Warren — you remember him; his campaign financing came from some mighty peculiar sources — figured that since Jimmy was indicted, it might be best to remove him from office. He did remove Jimmy, replacing him with Acting Sheriff Tom Kelly, who put some heat on local gambling activities.

After a while, though, the Florida Supreme Court announced it couldn't find anything serious against Jimmy. Governor Warren promptly reinstated him. He was joined by eight deputies who had also been indicted — and also let off as innocent.

Obviously, the crime investigation is not doing much good in Miami. In their report, the Senators say petulantly:

The Committee cannot understand and strongly condemns the reinstatement by Governor Fuller Warren of . . . Sullivan, without a full and public investigation of all the facts brought out by this Committee and the Dade County grand jury.

A solid accomplishment to be credited the Senate investigation, of course, is the conviction of Moran in New York on perjury charges — and the conviction of policy-king Weber on the same grounds.

Although our Frank Costello had been threatened with contempt charges for his failure to answer the Committee's questions about his net worth, this seemed more of a big-stick gesture than a genuine move to have him locked away. So agilely had Frank dodged his refusals to answer, his stentorian objections to television publicity, his occasional blind cooperativeness — and so neatly had the questions asked him avoided the need for Frank to perjure him-

FRANK COSTELLO'S REMARKS CONCERNING THE SENATE CRIME INVESTIGATING COMMITTEE (as quoted in Walter Winchell's column, April 1, 1950)

The burden of Costello's criticism of the Committee was as follows:

1. It permitted itself to be carried away by the publicity it was receiving.
2. It overemphasized exposure of corruption at the expense of ways to stop it.
3. It too often forgot "that witnesses were witnesses, not defendants."

Costello denied that he had an interest in politics except from a desire to see Italian-Americans get a fair break in the United States. With regard to De Sapio's remark that Costello no longer had any influence with Tammany, Costello commented: "That is correct. Since I burned my hands in that Aurelio case, I have stayed away from politics regardless of what they say."

Asked whether he would do the same with his life if he had the chance to start all over again, Costello said: "I'm not ashamed of too many things I've done, even though I haven't sold Bibles all my life. During prohibition I didn't think it was any worse to sell bootleg liquor than to drink it, and I don't think it's any worse to have an interest in a gambling place than it is to play in one." He added that if his father had had money perhaps he would have gone to college and would today have been sitting up there with Kefauver and the rest. That was not the way things worked out, but — "I've been married to the same girl for 35 years. How many of my critics can match that?"

Other quotes:

"Key to the mess . . . is to legalize gambling."

"Gambling is the most disorganized business of them all. The confetti industry is better organized."

"If you stopped all racing and then stopped all baseball games and college sports it would not do any good either. People would bet on the weather."

"The gambling instinct is as old as the human race. Isn't everything in life a gamble?"

"Legalize gambling and you do three things. Get rid of corruption, raise tax money and knock off the underworld."

There would be a better chance to stop gambling, said Costello, if it got less publicity. "Everybody wants to get into the act . . . what happens if they try to stop a dirty book or a dirty show? The folks just won't stay away."

"Bookmaking and race horses," he said, are the most lucrative rackets.

Like they say down at the White House, "No comment," Costello replied to a query as to whether anyone in high places, in or out of the underworld, was overlooked by the committee investigation.

Asked whether he thought that the Committee accomplished any good, Costello said: "Yes, a lot for the country. I only wish they would let me talk to them in my own way. I might have been helpful. After all, their purpose was to find out what can be done to stop corruption and gambling and not only to expose it."

self—that U. S. Attorney Irving Saypol may find it impractical to try him.

Adonis and others, however, in the wake of the Committee's report, were given 2 to 3 years on gambling charges by New Jersey courts. And Dewey has finally admitted that schoolkids may be taking dope, and has started a publicity-loaded investigation into the situation in New York.

Some other scores: *Killed*, Phillip Mangano, 50, of Brooklyn, murdered by the Mafia for blabbing to the F. B. I.—though he had refused to answer Kefauver's questions.

Deceased: Charles Fischetti, of a "heart attack" in Miami where he had gone after surrendering and posting bail on a Federal warrant which would have forced his appearance before the Kefauver group.

Indicted: some 50-odd mobsters, including Adonis and Willie Moretti; also Frank Erickson, friend of Costello, and boss banker to bookmakers all over the country.

Established, a nation-wide string of "Little Kefauver Committees" in separate states and cities all over the country, as well as special grand juries, investigating groups, citizens' commissions, etc.

Illinois set up a full-dress State Crime Commission. Tom Dewey thought maybe he'd better investigate New York, named his own 5-man crime committee and handed it \$250,000 to get started on. He also ordered a special grand jury investigation of Saratoga.

In New Orleans, Costello's operatives Phil Kastel and Carlos Marcello were indicted for contempt. Jefferson Parish gambling houses (reputed to be the most pleasant and gentlemanly in the nation) closed after the Kefauver hearings in that city, are still shut.

In Chicago, crime investigations come and crime investigations go—but nothing changes. For the Senate group: no hits, no runs. Bill Drury was one of several errors.

In Brooklyn, the coppers and bookmakers are being given a hard time. At the moment, everybody in sight seems either indicted or about to be. But dope continues available on the steps of junior high schools.

On the West Coast, racketman Mickey Cohen is in trouble over his income tax. Various cops, sheriffs

and other peace officers have been indicted for protecting gambling.

One of the biggest things accomplished by the Committee, unquestionably, was its contribution to the defeat of Scott Lucas of Illinois last year.

Kefauver, himself, meanwhile had his picture taken on a pogo stick (which he was teaching his daughter to operate). Shades of the coonskin cap! Can the Senator already be gunning for the presidential nomination?

In any case, there is much to be said for Kefauver's conduct throughout the course of the investigation, and for his conduct of the course of the investigation. The purpose of the Committee, he contends, was not to see how much evidence of interstate crime it could collect—but rather to shape a general picture highlighted by actual testimony, this to show the necessity for, and the best manner of, control. To a large degree this objective was accomplished. Furthermore, the public has been alerted by the Committee's hearings and reports. If action against interstate crime is now neglected, it will be the public's own fault. Kefauver did his best.

The Committee now marches on, its life extended four months beyond the original date of expiration. The new chairman is Senator Herbert S. O'Connor. Whether his accomplishments will measure up to Kefauver's remains to be seen.

Yet in the duel between law and crime, epitomized in this investigation by Senator Kefauver on the one hand and Frank Costello on the other, it is difficult to say who really got the local government's decision. Time will tell. Watch your daily newspapers. If Congress can adopt the recommendations of the Committee with regard to legislation to check crime—and if such legislation is really workable—then organized crime will have been delivered a death blow. But Frankie, and perhaps others of his ilk, have their own ideas for curing crime. Certainly Frank's suggestions—such as his recommendation that gambling be legalized—do not parallel those of the Committee; yet his views on crime-curing cannot be taken lightly. Meanwhile, despite various indictments and convictions following in the wake of the committee hearings, organized crime continues hardly abated in virtually every city of America.



THE END

EYES TELL THE STORY



FRANK COSTELLO REVEALS CONFLICTING EMOTIONS AS HE TESTIFIES BEFORE SENATE CRIME PROBERS



TELEVISION CAMERAS WERE NOT ALLOWED TO SHOW FACE. NEWS PHOTOGRAPHERS CAUGHT THESE PHOTOS

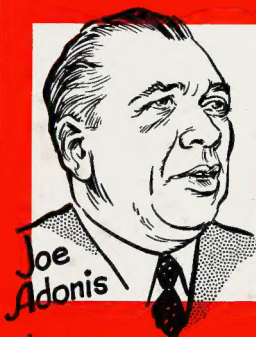


UNDERWORLD KINGPIN'S EXPRESSION RUNS GAMUT FROM ANGER AND DEFIANCE TO COOL CALCULATION



OVERLORDS of the UNDERWORLD

—says the Senate Crime Committee



These are the men who rule U.S. crime,
according to the Kefauver investigation

